

PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

HEARINGS BEFORE THE SUBCOMMITTEE ON EQUAL OPPORTUNITIES OF THE COMMITTEE ON EDUCATION AND LABOR HOUSE OF REPRESENTATIVES NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 3641, H.R. 3175, and H.R. 3147

BILLS TO EXTEND THE AUTHORIZATION OF APPROPRIA-
TIONS FOR THE ECONOMIC OPPORTUNITY ACT OF 1964 FOR
TWO ADDITIONAL YEARS

PART 1

HEARINGS HELD IN WASHINGTON, D.C., FEBRUARY 7, 8, 27; DETROIT,
MICH., MARCH 19, 20, 1973

Printed for the use of the Committee on Education and Labor
CARL D. PERKINS, *Chairman*



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1974

94-077

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PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

WEDNESDAY, FEBRUARY 7, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EQUAL OPPORTUNITIES,
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 9:50 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman of the committee) presiding.

Present: Representatives Clay, Chisholm, Benitez, and Steiger.
[Texts of H.R. 3641, H.R. 3175, and H.R. 3147 follow:]

[H.R. 3641, 93d Cong., first sess.]

A BILL To extend the authorization of appropriations for the Economic Opportunity Act of 1964 for two additional years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (a), (b) (1) and (c) (1) of section 8 of the Economic Opportunity Amendments of 1972 are each amended by inserting before the period at the end thereof the following: "; and each of the two succeeding fiscal years".

SEC. 2. Subsections (b) (3) and (c) (2) of such section 8 are amended by striking out "the succeeding fiscal year" and inserting in lieu thereof "each of the three succeeding fiscal years".

[H.R. 3175, 93d Cong., 1st Sess.]

A BILL To amend the Economic Opportunity Act of 1964 to authorize a legal services program by establishing a National Legal Services Corporation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress Assembled, That this Act may be cited as the "National Legal Services Corporation Act".

SEC. 2. The Economic Opportunity Act of 1964 is amended by adding at the end thereof the following new title:

"TITLE X—NATIONAL LEGAL SERVICES CORPORATION

"DECLARATION OF POLICY

"SEC. 101. The Congress hereby finds and declares that—

"(1) it is in the public interest to provide greater access to attorneys and appropriate institutions for the orderly resolution of grievances and the peaceful settlement of disputes within the system of justice;

"(2) many low-income persons are unable to afford the cost of legal services or of access to appropriate institutions;

"(3) access to legal services and appropriate institutions for all citizens of the United States not only is a matter of private and local concern, but also is of appropriate and important concern to the Federal Government;

"(4) the integrity of the attorney-client relationship and of the adversary system of justice in the United States requires that there be no political interference with the provision and performance of legal services;

"(5) existing legal services programs have provided economical, effective, and comprehensive legal services to the client community so as to bring about the peaceful settlement of disputes within the system of justice; and

"(6) a private nonprofit corporation should be created to encourage the availability of legal services and legal institutions to all citizens of the United States, free from extraneous interference and control.

"ESTABLISHMENT OF CORPORATION

"Sec. 102. (a) There is established a nonprofit corporation, to be known as the 'National Legal Services Corporation' (hereinafter in this title referred to as the 'Corporation') which shall not be an agency or establishment of the United States Government. The Corporation shall be subject to the provisions of this title, and, to the extent consistent with this title, to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

"(b) No part of the net earnings of the Corporation shall inure to the benefit of any private person.

"(c) The Corporation, and legal services programs assisted by the Corporation, shall be eligible to be treated as an organization described in section 170(c)(2)(B) of the Internal Revenue Code of 1954 or as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501(a) of such Code. If such treatments are conferred in accordance with the provisions of such Code, the Corporation, and legal services programs assisted by the Corporation, shall be subject to all provisions of such Code relevant to the conduct of organizations exempt from taxation.

"PROCESS OF INCORPORATION AND ORGANIZATION

"Sec. 103. (a) There shall be a transition period of not more than six months following the date of enactment of this Act, for the process of incorporation and initial organization of the Corporation.

"(b) The Director of the Office of Economic Opportunity shall serve as the incorporating trustee for the purposes of this section.

"(c) (1) Not later than sixty days after the enactment of this Act, the incorporating trustee, after consulting with and receiving the recommendations of national organizations of persons eligible for assistance under this title, shall establish the initial Clients Advisory Council to be composed of eleven members selected, in accordance with procedures established by the incorporating trustee which meet the requirements of section 105(a)(2), from among individuals eligible for assistance under this title.

"(2) Not later than sixty days after the enacting of this Act, the incorporating trustee, after consulting with and receiving the recommendations of associations of attorneys actively engaged in conducting legal services programs, shall establish the initial Project Attorneys Advisory Council to be composed of eleven members selected, in accordance with procedures established by the incorporating trustee which meet the requirements of section 105(b)(2), from among attorneys who are actively engaged in providing legal services under any existing legal services program.

"(d) Not later than ninety days after the enactment of this Act, all recommendations as provided in section 104(a)(2) for persons to serve on the initial board of directors shall be submitted to the President.

"(e) During the ninety-day period of incorporation of the Corporation the incorporating trustee shall take whatever actions are necessary to maintain existing services and to incorporate the Corporation, including the filing of articles of incorporation under the District of Columbia Nonprofit Corporation Act, and to prepare for the first meeting of the board of directors, except the selection of the executive director of the Corporation.

"(f) The responsibilities of the incorporating trustee shall terminate upon the first meeting of the board of directors, such meeting to occur following appointment of all members of such board.

"(g) During the ninety-day period immediately following the meeting referred to in subsection (f) of this section, the board shall take whatever action is necessary to prepare to begin to carry out the activities of the Corporation pursuant to section 106 of this Act.

"DIRECTORS AND OFFICERS

"SEC. 104. (a) The Corporation shall have a board of directors consisting of nineteen individuals appointed by the President, by and with the advice and consent of the Senate, one of whom shall be elected to serve as chairman annually by such board. Members of the board shall be appointed as follows: (1) Ten members from among individuals in the general public, not less than six of whom shall be members of the bar of the highest court of a State; (2) five members who are representative of the organized bar and legal education; (3) two members from among individuals eligible for assistance under this title; and (4) two members from among former legal services project attorneys. The American Bar Association, the Association of American Law Schools, the National Bar Association, the National Legal Aid and Defender Association, and the American Trial Lawyers Association may submit recommendations to the President with respect to members to be appointed as provided in clause (2), the Clients Advisory Council may submit recommendations to the President with respect to members to be appointed as provided in clause (3), and the Project Attorneys Advisory Council may submit recommendations to the President with respect to members to be appointed as provided in clause (4).

"(b) The directors appointed under subsection (a) shall be appointed for terms of three years except that—

"(1) the terms of the directors first taking office shall be effective on the ninety-first day after the enactment of this Act;

"(2) the terms of the directors first taking office shall expire, as designated by the President at the time of appointment, as follows—

"(A) in the case of directors appointed under clause (1) of section 104(a), three at the end of three years, four at the end of two years, and three at the end of one year;

"(B) in the case of directors appointed under clause (2) of section 104(a), two at the end of three years, one at the end of two years, and two at the end of one year;

"(C) in the case of directors appointed under clause (3) of section 104(a), one at the end of three years and one at the end of one year;

"(D) in the case of directors appointed under clause (4) of section 104(a), one at the end of three years and one at end of two years; and

"(3) any director appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(c) The Corporation shall have an executive director, who shall be an attorney, and such other officers, as may be named and appointed by the board of directors at rates of compensation fixed by the board, who shall serve at the pleasure of the board. No individual shall serve as executive director of the Corporation for a period in excess of six years. The executive director shall serve as a member of the board ex officio and shall serve without a vote.

"(d) No political test or qualification shall be used in selecting, appointing, or promoting any officer, attorney, or employee of the Corporation. No officers or employees of the Corporation shall receive any salary from any source other than the Corporation during the period of employment by the Corporation.

"(e) All meetings of the board, executive committee of the board, and advisory councils shall, whenever appropriate, be open to the public, and proper notice of such meetings shall be provided to interested parties and the public a reasonable time prior to such meetings.

"(f) (1) No person who is a paid employee or consultant of the Corporation or of any grantee of the Corporation may serve on the board of directors.

"(2) No member of the board may participate in any decision, action, or recommendation with respect to any matter which directly benefits that member or any firm or organization with which that member is then currently associated.

"(g) The board shall, in consultation with the respective advisory councils, provide for rules with respect to meetings of the Clients Advisory Council and the Project Attorneys Advisory Council.

"ADVISORY COUNCILS; EXECUTIVE COMMITTEE

"SEC. 105. (a) (1) The board, after consulting with and receiving the recommendations of national organizations of persons eligible for assistance under this title, shall provide for the selection of a Clients Advisory Council sub-

sequent to the first such council established under section 103(c)(1) of this title to be composed of not more than eleven members selected in accordance with procedures established by the board, including terms of office, qualification, and method of selection and appointment, from among individuals who are eligible for assistance under this title.

"(2) Procedures for selecting members of the Clients Advisory Council must insure that all areas of the country and significant segments of the client population are represented, and in no event may more than one representative on such Council be from any one State. The Clients Advisory Council shall advise the board of directors and the executive director on policy matters relating to the needs of the client community and may act as liaison between the client community and legal services programs through such activities as it deems appropriate, including informational programs in languages other than English. The Clients Advisory Council may submit to the President recommendations as provided in section 104(a) for persons to serve on the board of directors.

"(b)(1) The board, after consulting with and receiving the recommendations of associations of attorneys actively engaged in conducting legal services programs, shall provide for the selection of a Project Attorneys Advisory Council subsequent to the first such council established under section 103(c)(2) of this title to be composed of not more than eleven members selected in accordance with procedures established by the board, including terms of office, qualifications, and method of selection and appointment, from among attorneys who are actively engaged in providing legal services under this title.

"(2) Procedures for selecting members of the Project Attorneys Advisory Council must insure that all areas of the country are represented, and in no event may more than one representative on such Council be from any one State. The Project Attorneys Advisory Council shall advise the board of directors and the executive director on policy matters relating to the furnishing of legal services to members of the client community. The Project Attorneys Advisory Council may submit to the President recommendations as provided in section 104(a) for persons to serve on the board of directors.

"(c) The board shall provide for sufficient resources for each Advisory Council in order to pay such reasonable travel costs and expenses as the board may determine.

"(d) The board may establish an executive committee of five members of the board, which shall include the chairman of the board, and at least one director appointed pursuant to clause (2) of section 104(a), and one appointed pursuant to clause (3) or (4) of such section. Not less than three of the members of the executive committee shall be from among those members of the board appointed pursuant to clause (1) of section 104(a) of this title. The chairman of the board shall serve as the chairman of the executive committee. The chairman of the executive committee may designate another member of the executive committee to act in his absence.

"ACTIVITIES AND POWERS OF THE CORPORATION

"SEC. 106. (a) Effective ninety days after the date of the meeting referred to in section 103(f) of this Act, in order to carry out the purposes of this title the Corporation is authorized to—

"(1) provide financial assistance to qualified programs furnishing legal services to members of the client community;

"(2) provide financial assistance to pay the costs of contracts or other agreements made pursuant to section 103 of this Act;

"(3) carry out research, training, technical assistance, experimental, legal paraprofessional and clinical assistance programs, and special emphasis programs to provide legal services to migrant or seasonal farmworkers, Indians, and the elderly poor;

"(4) through financial assistance and other means, increase opportunities for legal education among individuals who are members of a minority group or who are economically disadvantaged;

"(5) provide for the collection and dissemination of information designed to coordinate and evaluate the effectiveness of the activities and programs for legal services in various parts of the country;

"(6) offer advice and assistance to all programs providing legal services and legal assistance to the client community conducted or assisted by the Federal Government including—

"(A) reviewing all grants and contracts for the provision of legal services to the client community made under other provisions of Federal

law by any agency of the Federal Government and making recommendations to the appropriate Federal agency;

"(B) reviewing and making recommendations to the President and Congress concerning any proposal whether by legislation or executive action, to establish a federally assisted program for the provision of legal services to the client community; and

"(C) upon request of the President, providing training, technical assistance, monitoring and evaluation services to any federally assisted legal services program;

"(7) establish such procedures and take such other measures as may be necessary to assure that attorneys employed by the Corporation and attorneys paid in whole or in part from funds provided by the Corporation carry out the same duties to their clients and enjoy the same protection from interference as if such an attorney was hired directly by the client, and to assure that such attorneys adhere to the same Code of Professional Responsibility and Canons of Ethics of the American Bar Association as are applicable to other attorneys;

"(8) establish standards of eligibility for the provision of legal services to be rendered by any grantee or contractee of the Corporation with special provision for priority for members of the client community whose means are least adequate to obtain private legal services;

"(9) establish policies consistent with the best standards of the legal profession to assure the integrity, effectiveness, and professional quality of the attorneys providing legal services under this title;

"(10) prescribe criteria to be used in determining the level of income (considering family size and other relevant factors) which will result in a person's being unable to obtain private legal counsel because of inadequate financial means, and hence a member of the client community; and

"(11) carry on such other activities as would further the purposes of this title.

"(b) In the performance of the functions set forth in subsection (a), the Corporation is authorized to—

"(1) make grants, enter into contracts, leases, cooperative agreements, or other transactions, in accordance with bylaws established by the board of directors appropriate to conduct the activities of the Corporation;

"(2) accept unconditional gifts or donations of services, money, or property, real, personal, or mixed, tangible or intangible, and use, sell, or otherwise dispose of such property for the purpose of carrying out its activities;

"(3) appoint such attorneys and other professional and clerical personnel as may be required and fix their compensation in accordance with the provision of chapter 54 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule rates;

"(4) promulgate regulations containing criteria specifying the manner of approval of applications for grants and contracts based upon the following considerations—

"(A) the most economical, effective, and comprehensive delivery of legal services to the client community in both urban and rural areas;

"(B) peaceful settlement of disputes within the system of justice; and

"(C) maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services to the client community;

"(5) establish and maintain a law library;

"(6) establish procedures for the conduct of legal services programs assisted by the Corporation containing a requirement that the applicant will give assurances that the program will be supervised by a policymaking board on which the members of the legal profession constitute a majority (except that the Corporation may grant waivers of this requirement in the case of a legal services program which, upon the date of enactment of this Act, has a majority of persons who are not lawyers on its policymaking board) and members of the client community constitute at least one-third of the members of such board.

"(c) In any case in which services, otherwise authorized, are performed for the Federal Government by the Corporation, the Corporation shall be reimbursed for the cost of such services pursuant to an agreement between the executive director of the Corporation and the head of the agency of the Federal Government concerned.

"NONPROFIT AND NONPOLITICAL NATURE OF THE CORPORATION

"SEC. 107. (a) The Corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

"(b) No part of the income or assets of the Corporation shall inure to the benefit of any director, officer, employee, or any other individual except as reasonable compensation for services.

"(c) The Corporation may not contribute to or otherwise support any political party or candidate for elective public office.

"ACCESS TO RECORDS AND DOCUMENTS RELATED TO THE CORPORATION

"SEC. 108. (a) Copies of all records and documents pertinent to each grant and contract made by the Corporation shall be maintained in the principal office of the Corporation in a place readily accessible and open to public inspection during ordinary working hours for a period of at least five years subsequent to the making of such grant or contract.

"(b) Copies of all reports pertinent to the evaluation, inspection, or monitoring of grantees and contractees shall be maintained for a period of at least three years in the principal office of the Corporation subsequent to such evaluation, inspection, or monitoring visit. Upon request, to the extent authorized by the Corporation the substance of such reports may be furnished to the grantee or contractee who is the subject of the evaluation, inspection, or monitoring visit and may be available for inspection to the President of the United States and Members of Congress.

"(c) the Corporation shall afford notice and reasonable opportunity for comment to interested parties prior to issuing regulations and guidelines, and it shall publish in the Federal Register on a timely basis all its bylaws, regulations, and guidelines.

"(d) The Corporation shall be subject to the provisions of the Freedom of Information Act.

"FINANCING OF THE CORPORATION

"SEC. 109. In addition to any funds reserved and made available for payment to the Corporation from appropriations for carrying on the Economic Opportunity Act of 1964 for any fiscal year, there are further authorized to be appropriated for payment to the Corporation such sums as may be necessary for any fiscal year. Funds made available to the Corporation from appropriations for any fiscal year shall remain available until expended.

"RECORDS AND AUDIT OF THE CORPORATION AND THE RECIPIENTS OF ASSISTANCE

"SEC. 110. (a) The accounts of the Corporation shall be audited annually in accordance with generally accepted auditing standards by any independent licensed public accountant certified or licensed by a regulatory authority of a State or political subdivision. Each such audit shall be conducted at the place or places where the accounts of the Corporation are normally kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Corporation and necessary to facilitate the audit shall be made available for inspection to the persons conducting the audit, and, upon request, to the President of the United States and to Members of Congress, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession, and full facilities for verifying transactions with the balance, or securities held by depositories, fiscal agents, and custodians shall be afforded to any such person. The report of each such independent audit shall be included in the annual report required under this title. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the assets and liabilities, and surplus or deficit of the Corporation, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the income and expenses of the Corporation during the year, and a statement of the sources and application of funds, together with the opinion of the independent auditor of those statements.

"(b) (1) The accounts and operations of the Corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the

Comptroller General of the United States, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession. Any such audit shall be conducted at the place or places where accounts of the Corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or used by the Corporation pertaining to its accounts and operations, including the reports pertinent to the evaluation, inspection, or monitoring of grantees and contractors required to be maintained by section 108(b) and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the Corporation shall remain in the possession and custody of the Corporation.

"(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform the Congress of the operations and conditions of the Corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other transaction or undertaking observed in the course of the audit, which in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the executive director and to each member of the board at the time submitted to the Congress.

"(c) (1) Each grantee or contractee, other than a recipient of a fixed price contract awarded pursuant to competitive bidding procedures, under this title shall keep such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate and effective audit.

"(2) The Corporation or any of its duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records of the recipient that are pertinent to assistance received under this title. The President or any of his duly authorized representatives and the Comptroller General of the United States or any of his duly authorized representatives shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the Corporation, consistent with the necessity of maintaining the confidentiality required by the best standards of the legal profession.

"REPORTS TO CONGRESS

"SEC. 111. The Corporation shall prepare an annual report for transmittal to the President and the Congress on or before the 30th day of January of each year, summarizing the activities of the Corporation and making such recommendations as it may deem appropriate. This report shall include findings and recommendations concerning the preservation of the attorney-client relationships and adherence to the Code of Professional Responsibility of the American Bar Association in the conduct of programs supported by the Corporation. The report shall include a comprehensive and detailed report of the operations, activities, financial condition, and accomplishments of the Corporation, together with the additional views and recommendations, if any, of members of the board.

"DEFINITIONS

"SEC. 112. As used in this title, the term—

"(1) 'State' means the several States and the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands;

"(2) 'Corporation' means the National Legal Services Corporation established pursuant to this title;

"(3) 'client community' means individuals unable to obtain private legal counsel because of inadequate financial means;

"(4) 'member of the client community' includes any person unable to obtain private legal counsel because of inadequate financial means;

"(5) 'legal services' includes legal advice, legal representation, legal research, education concerning legal rights and responsibilities, and similar

activities (including, in areas where a significant portion of the client community speaks a language other than English as the predominant language, or is bilingual, services to those members of the client community in the appropriate language other than English) ;

"(6) 'legal profession' refers to that body composed of all persons admitted to practice before the highest court of at least one State of the United States; and

"(7) 'nonprofit', as applied to any foundation, corporation, or association, means a foundation, corporation, or association, no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual.

"PROHIBITION ON FEDERAL CONTROL

"Sec. 113. (a) Except as provided for in subsection (b) of this section, nothing contained in this title shall be deemed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the Corporation or any of its grantees or contractees or employees, or over the charter or bylaws of the Corporation, or over the attorneys providing legal services pursuant to this title, or over the members of the client community receiving legal services pursuant to this title.

"(b) Nothing in this section shall be construed as limiting the authority of the Office of Management and Budget or the Office of Economic Opportunity to initiate and to conclude necessary reviews respecting adherence to the provisions of this title, and to review and submit comments upon the Corporation's annual budget request at the time it is transmitted to the Congress.

"(c) Reviews under subsection (b) of this section shall be conducted in accordance with the Code of Professional Responsibility and Canons of Ethics of the American Bar Association governing the confidentiality of the attorney-client relationship.

"SPECIAL LIMITATIONS

"Sec. 114. The board shall prescribe procedures to insure that—

"(1) financial assistance shall not be suspended for failure to comply with applicable terms and conditions, unless the grantee or contractee has been given reasonable notice and opportunity to show cause why such action should not be taken; and

"(2) financial assistance shall not be terminated, and an application for refunding shall not be denied, unless the grantee or contractee has been afforded reasonable notice and opportunity for a timely, full, and fair hearing.

"COORDINATION

"Sec. 115. The President may direct that particular support functions of the Federal Government, such as the General Services Administration, the Federal telecommunications system, and other facilities, be utilized by the Corporation or its grantees or contractees to the extent not inconsistent with other applicable law.

"TRANSFER MATTERS

"Sec. 116. (a) Notwithstanding any other provision of law, on and after such date as may be prescribed by the Director of the Office of Management and Budget, or six months after the enactment of this Act, whichever is the earlier, all rights of the Office of Economic Opportunity to capital equipment in the possession of legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision of the Economic Opportunity Act of 1964, shall become the property of the National Legal Services Corporation.

"(b) Effective six months after the date of enactment of this Act, all personnel, assets, liabilities, property, and records as determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function of the Director under section 222(a)(3) of this Act shall be transferred to the Corporation. Personnel transferred (except personnel under schedule A of the excepted service) under this subsection shall be transferred in accordance with applicable laws and regulations, and shall not be reduced in classification or compensation for one year after such transfer. The Director shall take whatever action is necessary and reasonable to seek suitable employment for personnel who would otherwise be transferred pursuant to this subsection who do not wish to transfer to the Corporation.

"(c) Collective bargaining agreements in effect on the date of enactment of this Act covering employees transferred pursuant to subsection (b) of this section shall continue to be recognized by the Corporation until altered or amended pursuant to law."

(b)(1) The Director of the Office of Economic Opportunity shall take such action as may be necessary, in cooperation with the executive director of the National Legal Services Corporation, to arrange for the orderly continuation by such Corporation of financial assistance to legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision, of the Economic Opportunity Act of 1964. Whenever the Director of the Office of Economic Opportunity determines that an obligation to provide financial assistance pursuant to any contract or grant agreement for such legal services will extend beyond six months after the date of enactment of this Act, he shall include in any such contract or agreement provisions to assure that the obligation to provide such financial assistance may be assumed by the National Legal Services Corporation, subject to such modifications of the terms and conditions of that contract or grant agreement as the Corporation determines to be necessary.

(2) Effective six months after the date of enactment of this Act, or ninety days after the date of the meeting referred to in section 103(f) of this Act, whichever is later, section 222(a)(3) of the Economic Opportunity Act of 1964 is repealed.

(3) Part A of title VI of the Economic Opportunity Act of 1964 is further amended by inserting at the end thereof the following new section:

"INDEPENDENCE OF NATIONAL LEGAL SERVICES CORPORATION

"SEC. 626. Nothing in this Act, except title X, and no reference to this Act unless such reference refers to title X, shall be construed to affect the powers and activities of the National Legal Services Corporation."

[H.R. 3147, 93d Cong., 1st sess.]

A BILL To amend the Economic Opportunity Act of 1964 to authorize a legal services program by establishing a National Legal Services Corporation, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Legal Services Corporation Act".

SEC. 2. The Economic Opportunity Act of 1964 is amended by adding at the end thereof the following new title:

"TITLE IX—NATIONAL LEGAL SERVICES CORPORATION

"DECLARATION OF POLICY

"SEC. 901. The Congress hereby finds and declares that—

"(1) it is in the public interest to encourage and promote resort to attorneys and appropriate institutions for the orderly resolution of grievances and as a means of securing orderly change, responsiveness, and reform;

"(2) many low-income Americans are unable to afford the cost of legal services or of access to appropriate institutions;

"(3) access to legal services and appropriate institutions for all citizens of the United States not only is a matter of private and local concern, but also is of appropriate and important concern to the Federal Government;

"(4) the integrity of the attorney-client relationship and of the adversary system of justice in the United States require that there be no political interference with the provision and performance of legal services;

"(5) existing legal services programs have provided economical, effective, and comprehensive legal services to the client community so as to bring about a peaceful resolution of grievances through resort to orderly means of change;

"(6) a private nonprofit corporation should be created to encourage the availability of legal services and legal institutions to all citizens of the United States, free from extraneous interference and control.

"ESTABLISHMENT OF CORPORATION

"SEC. 902. (a) There is established a nonprofit corporation, to be known as the 'National Legal Services Corporation' (hereinafter referred to as the 'cor-

poration') which will not be an agency or establishment of the United States Government. The corporation shall be subject to the provisions of this title, and, to the extent consistent with this title, to the District of Columbia Nonprofit Corporation Act. The right to repeal, alter, or amend this title is expressly reserved.

"(b) No part of the net earnings of the corporation shall inure to the benefit of any private person, and it shall qualify as an organization described in section 501 (c) (3) of the Internal Revenue Code of 1954 which is exempt from taxation under section 501 (a) of such Code.

"PROCESS OF INCORPORATION AND ORGANIZATION

"SEC. 903 (a) There shall be a transition period of six months following the date of enactment of the National Legal Services Corporation Act for the process of incorporation and initial organization of the corporation.

"(b) There is established an Incorporating Trusteeship composed of the following persons: the president of the American Bar Association, the president-elect of the American Bar Association, the president of the National Legal Aid and Defenders Association, the president of the American Association of Law Schools, the president of the American Trial Lawyers Association, and the president of the National Bar Association. The Incorporating Trusteeship shall meet within thirty days after the enactment of the National Legal Services Corporation Act to carry out the provisions of this section.

"(c) (1) Not later than sixty days after the enactment of the National Legal Services Corporation Act the Incorporating Trusteeship shall establish the initial Clients Advisory Council to be composed of eleven members who are selected, in accordance with procedures established by the Incorporating Trusteeship, from among individuals recommended by the governing boards of existing legal services programs who are representative of the class of clients served by any such program.

"(2) Not later than sixty days after the enactment of the National Legal Services Corporation Act the Incorporating Trusteeship shall establish the initial Project Attorneys Advisory Council to be composed of eleven members to be selected, in accordance with procedures established by the Incorporating Trusteeship, by attorneys who are actively engaged in providing legal services under any existing legal services program from among individuals who are attorneys actively engaged in providing such services.

"(3) To assist in carrying out the provisions of this subsection, the Director of the Office of Economic Opportunity shall compile a list of all legal services programs publicly funded during the fiscal year ending June 30, 1973, and the subsequent fiscal year and furnish such list to the Incorporating Trusteeship. In order to carry out the provisions of this subsection the Director of the Office of Economic Opportunity shall make available to the Incorporating Trusteeship such administrative services as it may require.

"(d) Not later than ninety days after the enactment of the National Legal Services Corporation Act the Clients Advisory Council and the Project Attorneys Advisory Council shall each meet and each appoint three representatives to serve on the initial Board of Directors of the National Legal Services Corporation.

"(e) During the ninety-day period of incorporation of the corporation the Incorporating Trusteeship shall take whatever actions are necessary to incorporate the corporation, including the filing of articles of incorporation under the District of Columbia Nonprofit Corporation Act, and to prepare for the first meeting of the board of directors, except the selection of the executive director of the corporation.

"(f) During the ninety-day period immediately following the period specified in subsection (e) of this section the board shall take whatever action is necessary to prepare to begin to carry out the activities of the corporation six months after the enactment of the National Legal Services Corporation Act.

"DIRECTORS AND OFFICERS

"SEC. 904. (a) The corporation shall have a board of directors consisting of nineteen individuals, one of whom shall be elected annually by the board to serve as chairman. Members of the board shall be appointed as follows:

"(1) **PUBLIC MEMBERS.**—Five members of the board shall be appointed by the President, by and with the advice and consent of the Senate, and one member shall be appointed by the Chief Justice of the United States after consultation

with the Judicial Conference of the United States. After giving due consideration to individuals recommended by associations of attorneys whose membership is actively engaged in conducting legal services programs the President shall make the appointments under this paragraph to the initial board of directors. After giving due consideration to recommendations of individuals recommended by the board the President shall make the appointments under this paragraph for any board subsequent to the initial board.

"(2) **LEGAL ORGANIZATION MEMBERS.**—Six individuals shall be members of the board by virtue of holding the following offices:

- "(A) The president of the American Bar Association.
- "(B) The president-elect of the American Bar Association.
- "(C) The president of the National Legal Aid and Defender Association.
- "(D) The president of the American Association of Law Schools.
- "(E) The president of the American Trial Lawyers Association.
- "(F) The president of the National Bar Association.

"(3) **ATTORNEY-CLIENT MEMBERS.**—Six members of whom three shall be selected by the Clients Advisory Council and three shall be selected by the Project Attorneys Advisory Council. Any board after the initial board shall, in consultation with the respective advisory councils, provide for the rules with respect to the subsequent meetings of the Clients Advisory Council and the Attorneys Advisory Council and the process of selection of members of the board in accordance with this paragraph.

"(4) The executive director of the corporation.

"(b) (1) Members appointed under paragraph (1) of the preceding subsection shall be appointed for terms of three years except that—

"(A) the terms of the directors first taking office shall be effective on the ninety-first day after the enactment of the National Legal Services Corporation Act and shall expire, as designated by the President at the time of appointment, three at the end of three years, two at the end of two years, and in the case of the Director appointed by the Chief Justice, two years; and

"(B) any director so appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(2) The members selected under paragraph (2) of the preceding subsection shall serve for the term of office for which they are elected and by virtue of which they become members of the board except in no case shall a term exceed three years. If any one of the organizational members' term will exceed three years by virtue of holding a position more than three years, the board shall provide for the appointment of a successor by the appropriate organization.

"(3) The members selected pursuant to paragraph (3) of the preceding subsection shall serve for a term of three years except that—

"(A) the terms of the directors first taking office shall be effective on the ninety-first day after the enactment of the National Legal Services Corporation Act and shall expire as designated by the selecting advisory council, one at the end of one year, one at the end of two years, and one at the end of three years after such date; and

"(B) any director so appointed to fill a vacancy occurring before the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term.

"(c) The corporation shall have an executive director, who shall be an attorney, and such other officers as may be named and appointed by the board of directors, at rates of compensation fixed by the board, and serve at the pleasure of the board. No individual shall serve as executive director of the corporation for a period in excess of six years.

"(d) No political test or qualification shall be used in selecting, appointing, or promoting any officer, attorney, or employee of the corporation. No officers or employees of the corporation shall receive any salary from any source other than the corporation during the period of employment by the corporation.

"ADVISORY COUNCIL: EXECUTIVE COMMITTEE

"Sec. 905. (a) The board shall provide for the selection of a Clients Advisory Council subsequent to the first such council to be composed of not more than eleven members, selected in accordance with procedures established by the board, from among individuals who are representative of the class of clients served by the legal services programs conducted or assisted by the corporation.

The Clients Advisory Council shall be available to advise the President on general policy matters relating to the needs of the members of the client community and to select members of the board in accordance with section 904.

"(b) The board shall provide for a Project Attorneys Advisory Council subsequent to the first such project. Project Attorneys Advisory Council shall be composed of not more than eleven members to be selected in accordance with procedures established by the board, from among individuals who are attorneys actively engaged in providing legal services conducted by the corporation. The Project Attorneys Advisory Council shall be available to advise the President on general policy relating to the furnishing of legal services to members of the client community and to select members of the board in accordance with section 904.

"(c) The board may establish an executive committee of not less than five members nor more than seven members which shall consist of the chairman of the board, the executive director of the corporation, one director appointed pursuant to paragraph (1) of section 904(a), one director appointed pursuant to paragraph (2) of section 904(a), and one director appointed pursuant to paragraph (3) of section 904(a).

"ACTIVITIES AND POWERS OF THE CORPORATION

"Sec. 906. (a) Effective six months after the enactment of the National Legal Services Corporation Act, in order to carry out the purposes of this title, the corporation is authorized to—

"(1) provide financial assistance to qualified programs furnishing legal service to members of the client community;

"(2) provide financial assistance to pay the costs of contracts or other agreements made pursuant to section 3 of the National Legal Services Corporation Act;

"(3) carry out research, training, technical assistance, experimental, and clinical assistance programs designed to improve the provisions of legal services to members of the client community;

"(4) increase opportunities for legal education among individuals who are members of a minority group or individuals who are economically disadvantaged;

"(5) collect and disseminate information designed to coordinate and evaluate the effectiveness of the activities and programs for legal service in various parts of the country;

"(6) assist and coordinate all programs for the provision of legal service and legal assistance to the client community conducted or assisted by the Federal Government including—

"(A) reviewing all grants and contracts for the provision of legal services to the client community made under other provisions of Federal law by any agency of the Federal Government together with making recommendations to the appropriate Federal agency;

"(B) reviewing and making recommendations to the President and Congress concerning any proposal, whether by legislation or executive action, to establish a federally assisted program for the provision of legal services to the client community; and

"(C) upon request of the President, providing training, technical assistance, monitoring and evaluation services to any federally assisted legal services program;

"(7) establish such procedures and take such other measures as may be necessary to assure that attorneys employed by the corporation and attorneys paid in whole or in part from funds provided by the corporation carry out the same duties to their clients and enjoy the same protection from interference as if such an attorney was hired directly by the client;

"(8) establish standards of eligibility for the provision of legal services to be rendered by any grantee or contractee of the corporation with special provision for priority for members of the client community whose means are least adequate to obtain private legal services;

"(9) establish policies consistent with the best standards of the legal profession to assure the integrity, effectiveness, and professional quality of the attorneys providing legal services under this title; and

"(10) carry on such other activities as would further the purposes of this title.

"(b) In the performance of the functions set forth in subsection (a) the corporation is authorized to—

"(1) make grants, enter into contracts, leases, cooperative agreements, or other transactions, in accordance with bylaws established by the board of directors appropriate to conduct the activities of the corporation;

"(2) accept unconditional gifts or donations of services, money or property, real, personal, or mixed, tangible or intangible, and use, sell, or otherwise dispose of such property for the purpose of carrying out its activities;

"(3) appoint such attorneys and other professional and clerical personnel as may be required and fix their compensation;

"(4) promulgate regulations containing criteria specifying the manner of approval of applications for grants based upon the following considerations—

"(A) the most economical, effective, and comprehensive delivery of legal services to the client community;

"(B) peaceful resolution of grievances and resort to orderly means of seeking change; and

"(C) maximum utilization of the expertise and facilities of organizations presently specializing in the delivery of legal services to the client community;

"(5) establish and maintain a law library;

"(6) establish procedures for the conduct of legal services programs assisted by the corporation containing a requirement that the applicant will give assurances that the program will be supervised by a policymaking board on which the members of the legal profession constitute a majority and members of the client community constitute at least one-third of the members of such board.

"(c) In any case in which services are performed for the Federal Government by the corporation the corporation shall be reimbursed for the cost of such services pursuant to an agreement between the executive director of the corporation and the head of the agency of the Federal Government concerned.

"NONPROFIT AND NONPOLITICAL NATURE OF THE CORPORATION

"SEC. 907. (a) The corporation shall have no power to issue any shares of stock, or to declare or pay any dividends.

"(b) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, employee, or any other individual except as reasonable except as reasonable compensation for services.

"(c) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

"ACCESS TO RECORDS AND DOCUMENTS RELATED TO THE CORPORATION

"SEC. 908. (a) Copies of all records and documents pertinent to each grant and contract made by the corporation shall be maintained in a place readily accessible and open to public inspection during ordinary working hours for a period of at least five years subsequent to the making of such grant or contract.

"(b) Copies of all reports pertinent to the evaluation, inspection, or monitoring of grantees and contractees shall be maintained for a period of at least three years, subsequent to such evaluation, inspection, or monitoring visit. Upon request, substance of such reports shall be furnished to the grantee or contractee who is the subject of the evaluation, inspection, or monitoring visit.

"(c) The corporation shall be subject to the provisions of the Freedom of Information Act.

"FINANCING OF THE CORPORATION

"SEC. 909. In addition to any funds reserved and made available for payment to the corporation from appropriations for carrying out the Economic Opportunity Act of 1964 for any fiscal year, there are further authorized to be appropriated for payment to the corporation such sums as may be necessary for any fiscal year. Funds made available to the corporation from appropriations for any fiscal year shall remain available until expended.

"RECORDS AND AUDIT OF THE CORPORATION AND THE RECIPIENTS OF ASSISTANCE

"SEC. 910. (a) The accounts of the corporation shall be audited annually in accordance with generally accepted auditing standards by any independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the United States. Each such audit shall be conducted at the place or places where the accounts of the corporation are normally

kept. All books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the corporation and necessary to facilitate the audit, shall be made available to the person conducting the audit and full facilities for verifying transactions with the balance or securities held by depositories, fiscal agents, and custodians shall be afforded to any such person. The report of each such independent audit shall be included in the annual report required under this title. The audit report shall set forth the scope of the audit and include such statements as are necessary to present fairly the corporation's assets and liabilities, surplus or deficit of the corporation, with an analysis of the changes therein during the year, supplemented in reasonable detail by a statement of the income and expenses of the corporation during the year, and a statement of the sources and application of funds, together with the opinion of the independent auditor of those statements.

"(b) (1) The financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions and under such rules and regulations as may be prescribed by the Comptroller General of the United States. Any such audit shall be conducted at the place or places where accounts of the corporation are normally kept. The representative of the General Accounting Office shall have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the corporation pertaining to its financial transactions and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositories, fiscal agents, and custodians. All such books, accounts, records, reports, files, papers, and property of the corporation shall remain in the possession and custody of the corporation.

"(2) A report of each such audit shall be made by the Comptroller General to the Congress. The report to the Congress shall contain such comments and information as the Comptroller General may deem necessary to inform Congress of the financial operations and condition of the corporation, together with such recommendations with respect thereto as he may deem advisable. The report shall also show specifically any program, expenditure, or other financial transaction or undertaking observed in the course of the audit which, in the opinion of the Comptroller General, has been carried on or made without authority of law. A copy of each report shall be furnished to the executive director and to each member of the board at the time submitted to the Congress.

"(c) (1) Each grantee or contractee, other than a recipient of a fixed-price contract awarded pursuant to competitive bidding procedures, under this section shall keep such records as may be reasonably necessary to fully disclose the amount and the disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance is given or used, and the amount and nature of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit.

"(2) The corporation, or any of its duly authorized representatives, shall have access for the purpose of audit and examination of any books, documents, papers, and records of the recipient that are pertinent to assistance received under this section. The Comptroller General of the United States, or any of his duly authorized representatives, shall also have access thereto for such purpose during any fiscal year for which Federal funds are available to the corporation.

"REPORTS TO CONGRESS

"Sec. 911. The corporation shall prepare an annual report for transmittal to the President and the Congress on or before the 30th day of January of each year, summarizing the activities of the corporation and making such recommendations as it may deem appropriate. This report shall include findings and recommendations concerning the preservation of the attorney-client relationships and adherence to the Code of Professional Responsibility of the American Bar Association in the conduct of programs supported by the corporation. The report shall include a comprehensive and detailed report of the operations, activities, financial condition, and accomplishments of the corporation together with dissenting views and recommendations, if any, of members of the board.

"DEFINITIONS

"SEC. 912. As used in this title the term—

"(1) 'client community' means individuals unable to obtain private legal counsel because of inadequate financial means;

"(2) 'member of the client community' includes any person unable to obtain private legal counsel because of inadequate means;

"(3) 'representative of the client community' includes any person who is selected by members of the client community whether or not a member of that community;

"(4) 'legal services' includes legal advice, legal representation, legal research, education concerning legal rights and responsibilities, and similar activities;

"(5) 'legal profession' refers to that body composed of all persons admitted to practice before the highest court of at least one State of the United States;

"(6) 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands;

"(7) 'nonprofit' as applied to any foundation, corporation, or association means a foundation, corporation, or association, no part of the net earnings of which inures, or may lawfully inure to the benefit of any private shareholder or individual;

"(8) 'corporation' means the National Legal Services Corporation to be established pursuant to this title.

"FEDERAL CONTROL

"SEC. 913. Nothing contained in this title shall be deemed to authorize any department, agency, officer, or employee of the United States to exercise any direction, supervision, or control over the corporation or any of its grantees or contractors or employees, or over the charter or bylaws of the corporation, or over the attorneys providing legal services pursuant to this title, or over the members of the client community receiving legal services pursuant to this title.

SEC. 3. (a) During the fiscal year 1974 the Director of the Office of Economic Opportunity shall take such action as may be necessary, in cooperation with the executive director of the National Legal Services Corporation, to arrange for the orderly continuance by such corporation of financial assistance to legal services programs assisted pursuant to sections 222(a)(3), 230, 232, or any other provision, of the Economic Opportunity Act of 1964. Whenever the Director of the Office of Economic Opportunity determines that an obligation to provide financial assistance pursuant to any contract or grant agreement for such legal services will extend beyond six months after the date of enactment of this Act, he shall include in any such contract or agreement provisions to assure that the obligation to provide such financial assistance may be assumed by the National Legal Services Corporation, subject to such modifications of the terms and conditions of that contract or grant agreement as the corporation determines to be necessary.

(b) Effective six months after the date of enactment of this Act, section 222(a)(3) of the Economic Opportunity Act of 1964 is repealed.

SEC. 4. (a) Of the amounts appropriated to the Office of Economic Opportunity for carrying out the Economic Opportunity Act of 1964, there shall be reserved and made available to the Legal Services Corporation established pursuant to title IX of such Act, not less than the sums of \$80,000,000 for each of the fiscal years ending June 30, 1974, and June 30, 1975.

(b) Notwithstanding any other provision of law, after the enactment of this Act but prior to the enactment of appropriations to carry out the Economic Opportunity Act of 1964 for the fiscal year ending June 30, 1974, the Director of the Office of Economic Opportunity shall, out of appropriations then available to him, make funds available to assist in meeting the organizational expenses of the corporation and in carrying out its activities.

SEC. 5. Title VI of the Economic Opportunity Act of 1964 is amended by inserting after section 622 thereof the following new section:

"RESPONSIBILITY FOR NATIONAL LEGAL SERVICES CORPORATION

"SEC. 623. Nothing in this Act, except title IX, and no reference to this Act unless such reference refers to title IX, shall be construed to affect the powers and activities of the National Legal Services Corporation."

Mr. HAWKINS. The Subcommittee on Equal Opportunities of the Committee on Education and Labor will come to order.

The first witness today will be Mr. Paul Fasser, Deputy Assistant Secretary of Manpower. Before Mr. Fasser testifies, because this is the first meeting of the committee this year, I would like to make a brief statement and then have the other members of the subcommittee make a statement concerning the general subject which is before this committee.

In 1972, Congress approved and the President signed, legislation continuing the Office of Economic Opportunity until July 1, 1974. Subsequent to the November 1972 elections, President Nixon, without consultation with the Congress, announced the discontinuance of OEO and the fragmentation of its programs.

Administration spokesmen have engaged in "hit and run" attacks on the poor, made baseless charges, implied a connection between OEO and civil disturbances, and accused OEO programs of being anti-family, anti-American, wasteful, and harmful.

The fate of the poor, the disadvantaged, and minorities among us has been turned over to the budget cutters in the Office of Management and Budget whose knife has been skillfully used to dismember the needy and spare the greedy.

Of all the cutbacks in Federal spending proposed by President Nixon, none is less defensible nor more unconscionable than the abolition of the Office of Economic Opportunity (OEO).

These cuts—along with other reductions in human welfare services—total over \$8 billion. At the same time, special subsidies to private corporate groups (through direct payments, tax subsidies, overpayments, cost overruns, and investment tax credits) continue in an amount exceeding \$19 billion. The rationale is that cuts are needed to prevent a tax increase. But it is the corporate subsidies not human welfare programs that would foster a tax increase. But even this could be avoided if we had real tax revision to remove special privileges.

Between 1964 and 1969 over 11 million Americans were lifted out of poverty through OEO programs and by President Johnson's economic policies. Since 1969, under this administration, the number of people living in poverty has skyrocketed as a result of Nixon's economic policies. According to a report done by the Urban Institute under contract to OEO (but not released by White House) the real number of poor people in 1970 was about 26.1 million and some specialists placed it at 35 million.

On September 6, 1969, President Nixon, in a letter to Senator Nelson, said: "The Office of Economic Opportunity must be an advocate for the poor within the Federal agency's structure * * *. It is my determination to strengthen the Office of Economic Opportunity and its community action arm in contributing to the goals of providing full economic opportunity for every American." Thus, if this agency and its programs have become ineffective and wasteful, they have become so since 1969. Evidence to this is yet lacking.

But to the contrary—as these hearings will disclose—despite administration efforts to produce failures, to discredit community action,

and to end citizen participation, remarkable success and minimum failure has resulted. Actually, as in legal services the programs are opposed because they have proved "too successful."

In 1964, Congress established OEO because existing agencies were not meeting the problems of the poor. Achievements have included development of Headstart programs, multipurpose community health centers, involvement of paraprofessionals as well as several hundred thousand volunteers, and the concept of legal services for the poor—resulting in the incorporation of public service law in the curriculums of numerous law schools.

Community action agencies have generated millions of dollars of non-Federal and private resources in the fight against poverty, and have proved to be effective arms of local governments in dealing with people alienated from the system.

No sensible person can possibly view calmly the results of the demobilization of these efforts. The destruction of indigenous leadership, the subjection of the powerless poor to rivalry over the pitifully small coffers of revenue sharing. The inevitable results would create the most distressing and turbulent period in our history since the 1930's. Hopefully, these hearings can reverse these current dangerous trends and return the country to a course of responsible democracy sensitive to the needs of its people.

At this time I would like to call on the ranking minority member, Mr. William Steiger of Wisconsin, for any comments he may have preliminary to the opening of the hearings. Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman. Not often do we have a statement by the chairman longer than the statement by the witness.

Mr. HAWKINS. Perhaps I have something to say about the subject Mr. Steiger.

Mr. STEIGER. I am only sorry we can't question you now, Gus.

Mr. HAWKINS. You may do that.

Mr. STEIGER. I trust that the hearings will provide some useful information so that we can make a rational judgment as to what we ought to do in this field and put forward some recommendations as we question the actions of the Department of Labor.

Mr. HAWKINS. Thank you. Mrs. Chisholm.

Mrs. CHISHOLM. I am very glad and grateful that we are going to have these hearings this morning because of the fact that while we indulge in a great deal of rhetoric for espousal of principle in this country, and while there was talk about a great deal of the work ethic we still see that in this year the poor and disillusioned and powerless and helpless once again find themselves not being able to rise out of the depth of the poverty that have kept them there for quite so long.

It is very interesting to speak about ethic and at the same time completely disembowel or eliminate programs that would help people to get in the direction of the work ethic that everybody talks about. We should hope that as a result of the hearings we have here today we will help our Nation to reverse our priorities in terms of consideration of the most important resources this Nation has, and that is its people.

I also hope that we will really recognize that now that the war in Vietnam supposedly is over, the money of the taxpayers in the Federal Government can be diverted to the services that people in this country have been waiting for for over 10 years but have not been able to realize because of this war.

We have to be vigilant at this particularly crucial time in America.

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. No comment, Mr. Chairman.

Mr. HAWKINS. Thank you.

The first witness is Mr. Paul Fasser, Jr., Deputy Assistant Secretary for Manpower and Manpower Administrator. Mr. Fasser, may I say while we may have ideological differences and some differences on these programs, we are very pleased to welcome you before the committee I think for you to take valuable time from your day to explain to us some of the developments in this decision is certainly to be commended.

Your statement, as has been indicated, is a very brief one. You may read it or summarize it, or deal with as you so desire.

STATEMENT OF PAUL J. FASSER, DEPUTY ASSISTANT SECRETARY FOR MANPOWER AND MANPOWER ADMINISTRATOR, DEPARTMENT OF LABOR, ACCOMPANIED BY ALFRED ZUCK, ASSOCIATE MANPOWER ADMINISTRATOR, OFFICE OF FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS; WILLIAM B. HEWITT, ASSOCIATE MANPOWER ADMINISTRATOR, OFFICE OF POLICY EVALUATION AND RESEARCH; AND MERWIN HANS, ASSOCIATE MANPOWER ADMINISTRATOR, OFFICE OF PROGRAMS

Mr. FASSER. Thank you very much. Mr. Chairman, I fully understand that the statement I am about to read is brief. Actually, I would be in a better position to answer questions you or the members of the subcommittee have in mind. I will read the statement.

Mr. HAWKINS. Would you please identify your associates for the record?

Mr. FASSER. I have Mr. Alfred H. Zuck, Associate Manpower Administrator for the Office of Financial and Management Information Systems, I have Mr. William B. Hewitt, who is Associate Manpower Administrator for the Office of Policy Evaluation and Research, and I have Mr. Merwin S. Hans, who is Deputy Associate Manpower Administrator for the Office of Employment Development Programs.

Mr. Chairman, I am pleased to appear before the Subcommittee on Equal Opportunities to discuss the Administration's plans for Neighborhood Youth Corps this year.

As you know, the NYC program is composed of three components—the in-school program which provides part-time work for dropout-prone students; the out-of-school program which provides education, skill training, and work experience to young people who have already dropped out; and the summer program which provides job opportunities during the summer for needy youth.

The first two programs—the in-school and out-of-school—are funded for fiscal year 1973 and will continue to operate.

Regarding this year's summer program, we plan to make funds available under the Emergency Employment Act. Local elected officials will have the option of using these funds to hire young people as part of their public employment program.

Local officials will be informed that in developing their operating plans they may include use of funds for hiring youth during the summer months. The amount of funds utilized for youth summer employment will be left to the discretion of communities.

There is no question that NYC can, in many communities across the country, serve a very useful function. However, the extent to which NYC should be used is a decision that must be made by the individuals most concerned with and aware of local manpower needs and problems—the elected officials at the State and local levels.

I would like to thank you for this opportunity to present the Department's views on NYC summer programs and I am prepared to respond to your questions.

Mr. HAWKINS. Thank you, Mr. Fasser. I am quite sure there will be many questions. In addition to the Neighborhood Youth Corps we are also interested in the Job Corps. I hope that after we have had an opportunity to ask questions concerning the NYC summer program, that you will also be willing to respond to some questions concerning the Job Corps, the fate and possible extent of its continuation.

With respect to the Emergency Employment Act and what funds may be available under that particular act, can you give the committee some idea of what amount would be available?

Mr. FASSER. Yes, sir. The amount of money available under the Emergency Employment Act under the continuing resolution is approximately \$1 billion.

Mr. HAWKINS. \$1 billion?

Mr. FASSER. \$1 billion; yes, sir.

Mr. HAWKINS. Will this mean that this amount would be earmarked for the Neighborhood Youth Corps or does it mean that this amount is available and being used either for Neighborhood Youth Corps or the continuation of the employment of personnel under the Emergency Employment Act as we have had for the past 2 years, depending on local option?

Mr. FASSER. The current plan is to phase down the Emergency Employment Act program and to expend the remaining money.

By March 15, each program agency shall have submitted to the Department of Labor a plan to phase down its activities. It is important that the phasedown be gradual in order to avoid an abrupt increase in the number of unemployed persons.

The intent of the Emergency Employment Act in the first instance was that it would provide a means to get people into permanent jobs that are not subsidized. Thus, the transitional effect of the Emergency Employment Act was supposed to be a salutary one.

We anticipate that this transitional aspect will be emphasized in the plans to be submitted to us by March 15. Hopefully, PEP participants will be phased into the regular permanent jobs in the program agency's jurisdiction.

Now the plans will also include a determination by the program agent as to whether or not it wants to spend some of its money for a summer youth program. There is no limitation on the amount of that money that is spent by the program agent from his allocation for such a youth program.

Ideally, the program would go on at the current rate until about August 15. At that time they would begin to phase out the programs. This phaseout stage might conceivably continue until June 30, 1974. Depending on the amount of money that the program agent determines to use for youth employment, the terminal date of the program for that particular program agent may be somewhat truncated. There-

fore the mayor, the Governor, and the county commissioner will have the opportunity to look at their respective needs in terms of youth employment and determine whether or not he wants to use all or some of the Emergency Employment Act funds for summer youth employment.

Mr. HAWKINS. Let's assume, Mr. Fasser, that as the League of Cities and Conference of Mayors have already indicated, that the mayors view with great concern the abolition of the Emergency Employment Act, that they are not in a position to phase into other agencies the employees who are now in this program.

Because of this inability from a purely physical point of view, they say they cannot do this, they cannot release money for summer youth programs. What happens then to the youths who may be in Los Angeles or in New York, or St. Louis or any other city or town in this country of ours, what would happen then to those youths who ordinarily expect these summer programs to take them through the summer?

Mr. FASSER. Mr. Chairman, the mayor would be able to sort out his priorities and make the decision that is best for his community.

Mr. HAWKINS. Well, in a sense they have already said that they are being hard pressed as it is, and I don't think there is any reasonable person who would disagree that most of the major cities are being hard pressed financially and that their commitments under the Emergency Employment Act obviously will still be in existence until this act goes out of existence altogether.

Aren't we in a sense gambling on a decision at the local level to assume this great national problem without providing the means of actually reaching the problems as we have in the past?

Until a few weeks ago, we have led the cities to believe that those programs would continue. Now suddenly without any warning and without providing a transitional period, we are saying:

You have the choice, Mr. Mayor, of deciding whether or not you are going to try to do something for the youth of the city or whether you are going to continue to try to help heads of families and other persons who also need jobs, perhaps even more than the youth may in many instances.

And at the same time, we are also saying you are going to have to meet the problems of veterans, and of housing cutbacks and we are not going to give you any money under the model cities program and many other programs.

The mayors are feeling the crunch of numerous programs and are we being reasonable to believe that in this great crunch that the youth will be in position to really get any attention?

Mr. FASSER. Mr. Chairman, there are a number of points raised by your statement. Obviously, every mayor and every program agent has been aware that the Emergency Employment Act was to be only in effect for 2 years and that at some point in time it would either be extended or not. Consequently he could only realistically plan within the framework of the 2 years.

In regard to the gamble, it is quite possible that the mayor now has an ace or two. One of those aces could well be the improved economic climate and the projected drop in the unemployment rate.

We have seen that the unemployment rate is dropping and therefore the problem may still exist, but it may be not quite as severe as it was in the past.

Additionally, the President signed the General Revenue Sharing Act. The legislation authorizes over \$5 billion for the mayors and others who have been program agents, who may use general revenue funds to relieve the crunch on their budgets and to alleviate a bad fiscal situation.

So we have hope that will give the mayor or the program agent more latitude to determine what his priorities are and how he really ought to spend the money that will be available to him under the remaining funds appropriated under the Emergency Employment Act.

Mr. HAWKINS. Am I to understand that the mayors, either collectively or individually, have agreed that they can assume this responsibility?

Mr. FASSER. I am not aware, Mr. Chairman, of what the mayors have agreed to as to whether or not they can assume this responsibility.

Mr. HAWKINS. Isn't it true that the League of Cities and Conference of Mayors have indicated that they cannot assume it?

Mr. FASSER. I very frankly can say that I have not heard from either group.

Mr. HAWKINS. Don't you think it would be a good idea for the Administration to consult with them inasmuch as they are being asked to assume this rather heavy responsibility?

Mr. FASSER. Mr. Chairman, there is no question that we will be dealing with the mayors and the Governors in regard to this particular program.

Mr. HAWKINS. Mr. Fasser, I have some other questions particularly concerning the Job Corps, but suppose we have some of the other members have some of their questions answered. Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

Mr. Fasser, I am intrigued by what you have said and I must admit to you at the outset that I am somewhat befuddled as to exactly under what authority the Department of Labor can make the assertion that they can make the Emergency Employment Act money available for summer NYC.

Mr. FASSER. Mr. Congressman, it is not a matter of making money available for summer NYC. Actually NYC is just one activity that meets the definition of the type of program that may be funded out of the normal EEA funding arrangement.

The program that mayors would install would parallel the kind of a program that summer NYC was. That is, they will actually be using EEA money to do the same kind of things that the NYC summer program did.

The program would be for a period of 9 weeks, 26 hours a week at the minimum wage rate for that particular community. It would be consistent with the intent of Congress with respect to the Emergency Employment Act. Therefore, it would really not just be separating some EEA money and saying that this is now NYC summer money.

It is a substitute program but essentially it is the same program.

Mr. STEIGER. With all due respect, Mr. Fasser, I don't think that really answers the question. All I am saying to you is that you have come here and have said in response to the concern that Chairman Hawkins has about a particular program that it is your judgment that after July 1, 1973, it is permissible for a program agent, mayor, county, State, to take funds that were made available under a specific categorical program, the Emergency Employment Act, with all of the

restrictions that are built into that act, and with all of the specific purposes for which that act was intended, and now suddenly decide that there is somehow flexibility in an act which expired on July 1, if it is not extended and for which supposedly no money is available after July 1, except by virtue of what you do to slow it down in fiscal 1973 in order to make it available for fiscal 1974 transitional purposes.

For example, are we now to say that veterans do not receive the same priority that the Emergency Employment Act mandates? Are we now to say that it is not transitional employment, that it is similar income maintenance which I think it would be fair to say is a characterization of NYC?

What I am asking for really is some kind of specific answer as to under what authority the Labor Department can do that? And, let me ask one other part of that.

Are we then also in a position to say that a mayor or a program agent, as you define it, can in his March 15 planning make Emergency Employment Act money available for Operation Mainstream, for SER, for OIC, for the whole range of manpower programs?

If you can do it for NYC, are we also saying you can do it for any other presently operated and authorized program under your definition?

Mr. FASSER. I will answer the last question first because it is the key.

The program agent is required to use his money for public service employment. That is the string that brings in the possibility of using a portion of the money for summer youth employment which would be in public service employment. There is nothing either in the Department of Labor's implementation of the act or the way the Congress enacted the act that would prevent guidelines permitting the program agents to use the money for the summer employment of youth in public service jobs.

This does not mean that veterans or any other special group would have fewer opportunities to benefit from Emergency Employment Act funds.

Now, getting back to your question about July 1, the NYC summer program is normally funded out of the fiscal year in which the summer begins even though there are only a couple of weeks of summer activity actually occurring in that fiscal year.

Obviously, the kids aren't out of school until around June 15 and there are only a couple of weeks left in that fiscal year. However, the funds for that summer's program are appropriated normally in the year that contains only those 2 weeks.

Normally, we would be sending out plans for summer activity at about this time in order to develop the worksites and to generally get everything in order. We are not going to do that this year.

Instead we are going to send out to the program agents information suggesting their possible use of Emergency Employment Act money for those summer youth activities which we believe are authorized under the Emergency Employment Act.

We did some of this last summer. We plan to have their plans in by March 15 and they will be in a position to move on out with the priorities that they have established for this summer with the use of what is essentially a phased down emergency employment program.

The reason the decision was made to phase down the Emergency Employment Act rather than to take the amount of money that is left and plug it into the program agents is that they would be hiring for the next couple of months and then finding they would have to throw these people out on the street. There would be no opportunity for any transition into substantive permanent employment. Therefore, we would cause ourselves an undue problem that would not be fair to people hired under the Emergency Employment Act.

The decision to phase it down over a period of time carried out can be fairly easily. Money that is appropriated in fiscal 1972 can be spent in fiscal 1974.

Mr. STEIGER. But would I be fair in assuming that, what do we have, 140,000 employment under the Emergency Employment Act at the billion dollars level?

As you look down the road, it would, I assume, be reasonable to anticipate that a program agent would be hard pressed, would he not, to shift funds. I guess I am concerned here about this problem of those presently employed under emergency employment, presuming they are heads of households in many cases, veterans as the law provides, and other categories included in that legislation. If the choice that is available is taking away a position from the head of a household in order to free up the money for two or three NYC kids, and I assume you could about make that trade, maybe it is four or five NYC kids you would hire for the same amount of money, now is he to do that without throwing out of work the one now working?

How are you making that kind of transition work?

Mr. FASSER. There are two things that are pertinent here. There is an increase in the program of \$250 million. In other words, in fiscal 1972, for the Emergency Employment Act there was \$1 billion authorized and appropriated. In fiscal 1973, there is \$1¼ billion authorized.

Now, the individual who is currently on the payroll will at some point in time either get a permanent job right where he is or he will be laid off. That is going to happen to him.

The point here is that the summer youth amount would be otherwise used to keep him employed and would only delay the point in time at which he would be laid off or absorbed into the system.

The summer youth program was running at approximately \$422 a slot. A summer youth program under EEA would not be much different than that, because it provides for the same sort of a situation, 9 weeks, 26 hours a week and at the minimum rate. So it is really an income transfer arrangement.

Hopefully, much will be gained by an EEA summer program, and the worksites will be somewhat different than before. The exposure of the youth to the system will also be somewhat different, and the mayors will have also gained expertise in dealing with this kind of program. They will have begun actually determining for themselves what they need to do in their particular community to handle the youth unemployment problem.

Mr. STEIGER. One last question, and I thank the Chair for his patience.

Going back over the question I asked you on Mainstream, is that not in character exceedingly similar to what NYC is all about, and can't we pick out a number of programs, each of which would fit into what

you have just defined as the purposes for which this money can be used, and is the mayor or county executive or the State Governor given the same option for groups other than just the NYC kids?

Mr. FASSER. Well, the point here, Mr. Congressman, is that the Mainstream program is an ongoing program that will continue. It is funded under the same authority as in the in-school and out-of-school programs.

It is the summer NYC program that will not be funded so this is the decision that the mayor will have to make.

Mr. STEIGER. That is the only choice he is given, EEA or a part of EEA for NYC summer?

Mr. FASSER. Yes, that option is currently in our plan, sir.

Mr. STEIGER. I don't understand that. I really don't because if you are going to do it for summer NYC, what the hell, let's do it for all of the other public service employment programs authorized under the law.

Mr. FASSER. Well, I suppose that they could, but what I am saying is that the others are ongoing programs and there will not be a summer NYC one. This is where we would want them.

Mr. STEIGER. I want to be very clear here. You are saying that in the program directive that is being sent out by the Department of Labor due back on March 15, that the program agent is to prepare a plan of how to use emergency employment money that is limited to whether or not he uses funds for a "summer neighborhood youth program"; is that fair?

Mr. FASSER. It is his option. He does not have to have a single summer slot if he doesn't want to. If he determines that he doesn't need to, he won't do it. But, in terms of the instructions that will be sent out to the program agent, what you said is essentially correct.

He will be given his allotment, and he will be asked to give us a plan for his phasedown. Now understand, Mr. Congressman, this is a phasedown situation which means absorbing the summer program, but I don't know that the phasedown situation could be used to expand Mainstream or any of the other programs.

Mr. STEIGER. Thank you, Mr. Chairman.

Mr. HAWKINS. To clarify or to see if I understand what you are saying, you are saying that in 1973, the money which was appropriated for the emergency employment program is not being used to the extent of approximately \$1 billion?

Mr. FASSER. That is right.

Mr. HAWKINS. You are assuming that all of this money, or a large amount of it, is available for the NYC program. That assumption has to be made.

Are you foreclosing the great need that now exists for the use of this money under the emergency employment program? Most of the areas that I know of, certainly the Los Angeles area and I am sure across the country, are crying for assistance now for this fiscal year for the use of this money before the summer.

You are telling us there is a billion dollars that is idle that can be made available for this other program. Aren't you in a sense making two assumptions, neither one with any validity?

Mr. FASSER. Perhaps I can put that—

Mr. HAWKINS. You are not only robbing Peter to pay Paul; you are robbing both Peter and Paul, it seems to me.

Just one other question and you can answer them both together. Then what happens in fiscal year 1974? Are we to assume no money is appropriated for 1974 then?

Mr. FASSER. Well, I will respond to both of those questions. In the first instance, because we were running at the rate of a billion dollars in fiscal 1973, we put in a program that spent the billion dollars.

We have continued at that rate of expenditure, and Congressman Steiger mentioned that somewhere around 140,000 people are presently employed. That is the billion-dollar level. We are continuing to operate at the billion-dollar level.

Any program agent that went over the fiscal year 1972 level is not permitted to hire until he gets down to the fiscal year 1972 level. Thus, program agents who are below the 1972-level are permitted to get up to the 1972 level, keeping in mind that the 1972 level is a billion dollars.

For the phaseout period, there will be a new level, and that level will reflect the increase in fiscal 1973 from 1 billion to 1¼ billion. So really, there is more money now in the Emergency Employment Act than there was previously. Therefore, there is a good chance that the mayors can have a sizable summer program and still maintain an orderly phaseout that could well continue to June 30, 1974.

If that is a satisfactory response to your first question, Mr. Chairman, I will respond to the second one.

The second question that you asked is, what will happen in 1974? I think you said that apparently we have not asked for a summer program in 1974 and we are not asking for an Emergency Employment Act extension so there would be no real Emergency Employment Act increase in fiscal 1974.

The situation for fiscal 1974 is somewhat different than it is for fiscal 1973. In fiscal 1973, we are pretty well in place with manpower programs. As I said earlier, we have the in-school program funded. We have the out-of-school program funded. We do not have the summer program funded.

In order to make available the amount of money that is needed for manpower, we needed to cut back on programs. We did that by cutting back on the summer program and then providing a substitute through the Emergency Employment Act, as a possibility, at the mayor's discretion.

In fiscal 1974, the situation will be quite different. Actually, the fiscal 1974 level for manpower funds will be higher than what we ultimately wind up with in fiscal 1973 and the money is not laid out on a categorical basis.

That means that by the end of fiscal 1974, the mayor will have an option along a broad range of programs and this is what is commonly referred to as the manpower revenue-sharing concept. We are asking for a total amount of money that will be laid out for the various manpower areas that we have not met. But whatever the labor market area is, it will receive its allocation and the head of that local unit of government will determine how manpower funds are to be spent.

The amount that will be available will be increased over what we will ultimately wind up with in 1973 and we will be at the point of having the local people who are aware of the local situation determining what their manpower needs are.

If they want a summer program, they can have a summer program. If they want a mainstream program they can have a mainstream pro-

gram. In fact, they can have a broad range of the manpower programs that are available.

That is the position we will be in in fiscal 1974.

Mr. STEIGER. Would the Chair yield for a moment?

Mr. HAWKINS. Certainly, Mr. Steiger.

Mr. STEIGER. Just looking at the budget, I don't see where you end up with more money in fiscal 1974 than you had available in fiscal 1973. Maybe I don't read my budget well,—

Mr. FASSER. The amount of money that manpower will have in fiscal 1973, Mr. Congressman, will be \$1.174 billion. In fiscal 1974, sir, there will be \$1.340 billion, or an increase of approximately \$166 million.

Mr. STEIGER. I see here on page 633 of the appendix you show \$1 billion—some for fiscal 1973 and \$1 billion—some for fiscal 1974. Now that figure as I figured it in Oshkosh, is less than fiscal 1974 than it was in fiscal 1974.

Mr. FASSER. Mr. Congressman, it appears that way and it certainly is in the budget that way, but it does not take into account the budget amendments that are contained in the President's budget. And the budget amendments amount to \$283 million in EOA, and it amounts to \$91 million in MDTA. Those are in the budget.

Mr. STEIGER. Those are reductions that you say are rescissions that will take place in fiscal 1973?

Mr. FASSER. Yes, sir.

Mr. STEIGER. But I will pursue, if the Chair will yield one more time, I still am somewhat unsure on how you have ended up figuring all of this by the time you juggle it when you have \$1 billion less with no Emergency Employment Act in fiscal 1974.

Mr. FASSER. Mr. Congressman, this is what we refer to as the MTS budget. This is Manpower Training Services budget. The Emergency Employment Act authorization is apart from that. So it is not included in that.

Now you understand, Mr. Congressman, that we have an EOA appropriation. So when we talk about a rescission and we talk about a \$283 million rescission in EOA, that means that that is a request for a reduction.

We do not have an MDTA appropriation. We are on a continuing resolution. But we would expect our request to be \$91 million less under MTS.

Mr. STEIGER. All right. So that really what we can say fairly is that for Manpower Training Services, it is possible that in fiscal 1974 more may be appropriated than was available in fiscal 1973, but that for the purposes of manpower programs including EEA, you are going to be less in fiscal 1974 than in fiscal 1973?

Mr. FASSER. That is correct, Mr. Congressman.

Mr. HAWKINS. Mr. Fasser, is it not also true that in fiscal year 1972, that you had considerably more than you have in 1973?

Mr. FASSER. Yes.

Mr. HAWKINS. This, in effect, means a reduction. You are reducing the amount for 1973 and then you are saying that based on what is available in 1973, the amount in 1974 is actually an increase but it is considerably less than you had in 1972.

So you can reduce the amount in 1 year and the next year make it as perfect as though it is an increase when actually it comes from a very low base. What you are doing is playing with figures and the

impression is given that actually manpower revenue is being increased when over the long run it is actually being reduced.

I think we should use the 3-year period, and not be misleading anyone. I am not accusing you of misleading, but I think just using the 2 fiscal years is misleading.

Mr. FASSER. Sir, if it appeared that I was attempting to mislead—

Mr. HAWKINS. No; I am not saying you are misleading. I am saying by confining it to the 2 years we are led into believing that.

Mr. FASSER. Maybe I can lead back to a previous answer that I gave. When I was answering Congressman Steiger's question about what happens in fiscal 1974, I was trying to put it in the context of where we would be if we had had no summer program in fiscal 1973. As I said, from where we finally wind up in 1973, there would be an increase in 1974.

Mr. HAWKINS. That is what I want the record to show that is the situation in which we must make decisions.

Mr. FASSER. That is exactly right. The budget in fiscal 1973 will be some 508 million less than it was in fiscal 1972 in the Manpower Training Services account.

Mr. HAWKINS. Thank you. Mrs. Chisholm.

Mrs. CHISHOLM. Thank you, Mr. Chairman.

I would like to ask Mr. Fasser three questions and desire some specific answers. First of all, last year we had approximately 740,000 slots in the Neighborhood Youth Corps, NYC program for about a 9-week period.

Are you prepared at this moment to tell us whether or not that level would be assured, minimized, increased or whether it would be for 8, 9, or 10 weeks?

Mr. FASSER. Mrs. Chisholm, I do not know what that level will be. The mayors will have an opportunity to make that judgment with the amount of money that will be available to them under the EEA.

I do not know what the size of the program will be once all of the returns are in.

Mrs. CHISHOLM. All right. My second question, you are constantly saying that utilization of the NYC fund must be a decision that will have to be made by the local elected State and city officials as to how that program is to be utilized and yet I think one of the reasons for the establishment of the OEO, or several of the reasons, is the fact that so often your local and elected officials do not espouse equalitarian principles in certain sections of this country, nor do they give the positions or the jobs to those who are in the most needed.

It became a kind of pork barrel at one time in certain areas of the country. Do you really believe the summer jobs for young people provided for by this program, unless we have built into the program nondiscriminatory clauses, would go to the persons for whom they are designed?

Mr. FASSER. I do believe that mayors down at the site will be able to determine what their programs are and whether or not they will have a summer program. The summer program that will be available under Emergency Employment Act money will certainly be for the disadvantaged youth. There would be no change in that.

Mrs. CHISHOLM. I would merely suggest for the record that some kind of evaluation be made as to where some of this money has gone in the past few summers in certain sections of our country.

Mr. FASSER. In terms of the Emergency Employment Act?

Mrs. CHISHOLM. Yes.

Mr. FASSER. We constantly monitor the Emergency Employment Act and we have ongoing evaluations under the normal fiscal responsibility that goes with administering the program.

Mrs. CHISHOLM. I have no further questions, Mr. Chairman.

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. Thank you, Mr. Chairman.

I would like to complete for the record that this committee has unsuccessfully attempted to get Mr. Howard Phillips, the Acting Director of OEO to appear before it and he has continuously rejected our invitation based on what he claims to be that he is new in this position and does not know that much about the program.

Therefore, he contends it would be a waste of time for him to appear before our committee. I would like to state for the record that Mr. Phillips has been in that agency for over 2 years, that he has been the head of the Office of Program Review, and that every grant that has come out of there for the last year and a half has come from his office or has been reviewed by his office.

In the meantime while he is refusing to appear before this committee and give us the benefit of his insight and his thinking about the program, I note that last night he spent 30 minutes on channel 26 with Martin Agronsky and he elaborated in detail about what the program was and was not, and what he intended to do with this program.

I might also note that last week he granted the Washington Post over 1 hour of interview, at which time he made certain statements that the concept for the war on poverty was a Marxist concept, that it was based on the premise that we should set the poor aside as a class.

He has made other ludicrous statements in this vein. I just want to point out for the record that if he has already given an hour to the Post and 30 minutes channel 26, certainly he ought to be able to have some time to give to this committee.

Mr. HAWKINS. Mr. Clay, would you yield on that point for just a minute? May I indicate for the record that I received yesterday by mail, a letter from Mr. Phillips and it says:

This is to acknowledge receipt of your invitation dated February 1st requesting me to appear at hearings before your committee tomorrow. February 1 was my first full day as Acting Director of the Office of Economic Opportunity and since that time we have been moving as quickly as possible to deal with the pressing decisions that face us concerning grantee fundings, agency policies and personnel acts and the like and I hope you will understand that I have not yet been able to complete all of the details incident to assuming responsibility for the agency.

For that reason I will be unable to appear before your subcommittee tomorrow and solicit your indulgence in deferring such appearance at this time.

With thanks for your consideration, I am Sincerely, Howard Phillips, Acting Director.

May I say that I did have a telephone conversation with Mr. Phillips. He did call me yesterday morning. I was led to believe that he would again call and I indicated the desire to have Mr. Phillips appear in person before the subcommittee.

I do not and cannot say that we encourage this indulgence in view of the fact that he does seem to have time for everything else except appearance before congressional committees.

Mr. Siegler has been very valuable in assisting in trying to get some resolution of this problem. Mr. Phillips has indicated that he would be available in 2 weeks. I would like to say publicly that we do not intend to have Mr. Phillips continue to ignore the subcommittee and that I will press for his appearance before this subcommittee as soon as possible after the recess.

I quite agree with your views on the matter and I think that there is no excuse for this but I want you to know that as chairman of the subcommittee, I have tried to be as lenient and as indulgent as possible, but that this tolerance only extends within a reasonable time in the future.

We certainly intend to press for his appearance before the committee to answer some rather, it seems to me, embarrassing statements made by him to the press and to others in the public media.

Mr. CLAY. Thank you, Mr. Chairman. I might also indicate that Martin Agronsky's program comes on in the middle of the night. Mr. Phillips might be one of the night people that we have.

Mr. HAWKINS. I will appoint you to the subcommittee to deal with him.

Mr. CLAY. I would be willing to interview him late at night. Just from some of his statements it is apparent that he is in the dark.

Mr. FASSER, you made a statement earlier in your remarks that because of the decline in the national rate of unemployment that there would be less pressure on the mayors for filling some of these slots and in my opinion, that would indicate either a lack of knowledge about the employment as it exists in these inner cities or either an insensitivity to that kind of employment.

Will you tell this subcommittee how reducing the rate of unemployment even down to 4 percent nationally will effect appreciably the 42 percent unemployment for youth in the inner cities and the 20 to 25 percent unemployment rate for black males in the inner cities?

Mr. FASSER. Perhaps I misstated the fact if I said that the mayor would be relieved of pressure for having a summer program.

When I said that there would be more jobs, I meant that there would be more job opportunities for youth with an improving economic climate and that the rate of unemployment for youth aged 16 to 19 has been indeed dropping.

Mr. CLAY. Where has it been dropping, Mr. Fasser? Let's take my district, for instance. Let's take the city of St. Louis. Do you know the unemployment rate for black youth in the city of St. Louis?

Mr. FASSER. I do not.

Mr. CLAY. Would you like for me to tell you?

Mr. FASSER. I would.

Mr. CLAY. It is 43 percent. It could not go any higher, could it? So it has to drop.

Now, how would reducing the national unemployment rate of 4½- to 4-percent aid the black youth in the inner city of St. Louis?

Mr. FASSER. I really don't know how that would be done specifically, Mr. Congressman, but I would expect that that rate would be reflected in the national rate. I would also expect that the mayor, in determining whether or not he was going to have a summer youth program, would look at that rate and be sensitive to that particular problem.

Mr. CLAY. You are willing to turn all of this money over to the mayors in these big cities without earmarking it for specific programs, so I assume that you are very familiar with the history of the mayors' attitudes towards the problems of the poor, am I correct?

Mr. FASSER. The mayor is not the individual who makes the study of the local area. The mayor will be assisted by various components of the community who will assist him in developing a plan.

Mr. CLAY. I am sure that if you were willing to turn all of this money over with no strings attached, that you are aware of the power structures that exist in the cities today and has always existed, is that correct?

Mr. FASSER. I am aware of the activities of the mayors in the programs that I have been familiar with. One of the programs I am familiar with is the Emergency Employment Act where the mayors have had money turned over to them, and where they hired people on the public service roles in relation to the amount of money that was granted to them.

Mr. CLAY. There was quite a bit of controversy and criticism over the kind of people that they hired, is that correct?

Mr. FASSER. There could be spotty controversy. I suppose that happens in anything. If you go to buy a new car, Mr. Congressman, I suppose you might have controversy with the very reputable dealer because it leaked or something like that.

Mr. CLAY. Are you inferring that mayors are reputable?

Mr. FASSER. I am inferring that mayors are reputable. They are elected by the people in their particular city and I believe in the wisdom of the electorate.

Mr. CLAY. That sounds very good but when you start analyzing the electorate, you will find that a great many people are unrepresented and unrepresented for a number of reasons and particularly in the inner cities, even though you may find substantial numbers of blacks and Puerto Ricans and Mexican Americans, you will also find that the vast majority of them are not of age to vote. You will find that better than 35 percent of black people in this country are below the age of 18.

So now when you say that elected officials are the choice of the electorate, what are you saying?

Mr. FASSER. I haven't made that particular analysis. However, I do feel that under our system, there is an opportunity for all components to be heard especially people who receive manpower services. There is a system designed so that they can be heard.

Mr. CLAY. No further questions, Mr. Chairman.

Mr. HAWKINS. Mr. Benitez.

Mr. BENITEZ. I have just returned from Puerto Rico where there is general consternation concerning the impact of the President's budget and the determinations concerning most of the programs that are working there.

I may add that officially the unemployment rate in Puerto Rico is 12 percent of the manpower. Actually it is much higher than that and varies from 25 to 30 percent. Now, I would like to inquire.

There is at present a task force in Puerto Rico working on the consequences of these determinations particularly in the absence of revenue sharing provisions. There is, I repeat, a profound concern as to the immediate impact employment wise should no alternative

provisions or facilities be available in the Office of Economic Opportunity, in the Labor Department, in the educational sector, or in the multiple activities of emergency employment.

I would like to inquire if you are in a position to advise me concerning what alternatives there might exist for the thousands of American citizens who would be added to the unemployment roles in Puerto Rico should no provisions be made.

Mr. FASSER. Mr. Congressman, the fact is that the allocation for Puerto Rico in terms of the Emergency Employment Act should be somewhat larger than it has been in the past. There will be an opportunity there to substitute some of that money for the former summer youth program.

I do not know the relative size of your programs. However, in terms of the amount of money that is available for manpower services, perhaps the kinds of specific manpower problems you are experiencing in Puerto Rico would not necessarily receive as much relief as desired as a result of the expenditure of that additional money or substitute money for the summer youth program.

The facts of the President's budget in terms of manpower would not affect the Puerto Rican situation that much one way or the other inasmuch as there will be this alternative money in the Emergency Employment Act that can be used for the summer program in Puerto Rico.

Mr. BENITEZ. I am not trying to embarrass you in the very least but I am trying to ask your assistance in dealing with a very large and difficult problem. If I understand you correctly, what you are saying to me is that in one minor or single item which may be involved in this particular situation, there might be equivalent institutions, but I am raising the larger question which pertains to tens of thousands and indeed might even go higher than that.

I am trying to be as moderate as possible. I am securing not only your help but your advice or your help and advice, as to how in your judgment we can best deal with the situation. We are without available resources because of a number of circumstances, one of them being that the present government has just come into office. We have historically and traditionally worked with a large amount of Federal assistance but all of a sudden we read in the papers or are notified that programs in health, programs in education, programs in labor, programs in economic opportunities have to be terminated, and that there are at present no available alternatives for those terminations.

I am wondering, since you represent Manpower, and since it is Manpower that will be significantly affected by this, what, if any, workable solutions you would like to direct me toward.

Mr. FASSER. Mr. Congressman, I appreciate your problem. I understand what you are saying. It, of course, would be presumptuous of me to lay out the grand solution for your problem here at this hearing.

However, I have been contacted by people in Señor Hernandez Colon's establishment and they have asked me if I would meet with them if they come to Washington to discuss the many manpower problems that face Puerto Rico. I have agreed to do that. I expect that meeting to take place before very long, and I would be glad to keep you advised as to what is transpiring in that regard.

Mr. BENITEZ. If I may say so, I would like to explore with you personally some of the potential alternatives. That, incidentally, is my job in the United States.

Mr. FASSER. Yes, sir. I will be in touch with you and we can talk about that if it is agreeable to you.

Mr. BENITEZ. Thank you. No more questions.

Mr. HAWKINS. Thank you.

Mr. Fasser, could we get from you some idea as to what reductions we may anticipate in the Job Corps?

Mr. FASSER. Yes, sir. There is a reduction in store for the Job Corps. I am presently having a plan developed so that the reduction will cause the least amount of disruption in handling the enrollees that Job Corps normally handles, and at any given time there are approximately 22,500 enrollees onboard in Job Corps.

The centers vary in productivity. Some centers are more productive than others. Some centers have programs that lead directly to jobs. Other centers have programs that lead directly back to where the particular individual came from with little or nothing gained as a result of his experience in Job Corps and the expenditure of Federal funds.

We are looking at this. However, there will be a drop in the amount of money available for Job Corps.

Mr. HAWKINS. Could you be a little more specific as to the number of enrollees who will be put out and the amount of money that would be made available?

Mr. FASSER. I am not certain of the exact amount, sir. If it will be permissible, could I give you the broad parameters? The current funding of Job Corps is around \$184 million. This fiscal 1973 funding is only from national sources. The funding in fiscal 1974 is going to come from two sources.

The funding projected for Job Corps in fiscal 1974 from the national money is going to be around \$121 million, or somewhere in that neighborhood.

Don't hold me exactly to those figures. There are centers that are funded from the national account that could well be picked up in a comprehensive manpower revenue-sharing concept at the local level. These are smaller centers that serve the people from an immediate area and can be woven into the manpower services that are provided in that area.

Now if I were to say to you categorically that there was \$121 million for Job Corps centers in fiscal 1974, that would be incorrect because the thrust will be to get those kinds of centers out to the localities. They can make the determination as to whether or not residential manpower is important enough for them to sustain. Again that would be on the basis of a determination made at the local level.

In terms of the Job Corps centers that currently exist, we are taking a very, very hard look to see that one concept of Job Corps ought to survive, and that is that a youngster brought into the Job Corps and trained should go to a job.

That will be the thrust of manpower in regard to Job Corps next year. It will be to make certain that training is related to jobs and that there are job commitments at the end of training.

We have several centers currently in existence where, when a Job Corps enrollee comes out there is a good job waiting for him. That is the kind of thing that we will be moving more and more toward in fiscal 1974.

I can't tell you how many centers will be involved and where they are at this point because we are still making up our fiscal 1974 plan.

Mr. HAWKINS. It is true that there will be a reduction now. I certainly agree with you on the concept of a job at the other end. However, for many of these enrollees there will be no jobs because there are no jobs available for anyone, veterans included.

Using that as a test, if a job is not available, then the cutback made in the Job Corps would certainly result in a substantial number of enrollees obviously being put on the streets without anything to do.

Let's say there is no job available at the same time these youths are going to be looking for jobs, veterans are going to be looking for jobs, people in the ghetto are going to be looking for jobs, and others.

Has it been thought out what is to become of those who have been served in the Job Corps, these youths who are perhaps the neediest of the needy? They certainly have many problems and that is why this program was constructed in the first instance.

Will there be any program at all for those then who would not be served in the Job Corps by virtue of the fact that there are no jobs available for them?

Mr. FASSER. Well, sir, when we start the cycle, we can attempt to make the system so that it leads to a job. Obviously, the fundamental concept of Job Corps is to introduce individuals to the world of work and in doing that it would be removing barriers.

As we see the economic climate getting progressively better, there are more and more jobs and our position will be that we will try to make these individuals competitive.

One of the problems for Job Corps is that they find it very difficult to recruit, and those who are recruited do not stay very long. There is a tremendous turnover rate in the first 30 days. This is the wrong time to have a high turnover rate because here is a youngster who is taken out of a broken home or a bad situation. That is one of the eligibility requirements along with OEO poverty requirements.

He comes into the Job Corps Center and it is so new to him, and it is such a problem for him that he leaves and he goes back to the same community, and he does not say good things about the Job Corps Center. That makes recruiting even that more difficult. Those are some of the kinds of problems that need to be handled and addressed in Job Corps, and we hope to do that. We also hope that we can deliver substantially the same amount of Job Corps services that we have provided in previous years with even less money.

Mrs. CHISHOLM. Mr. Chairman—

Mr. HAWKINS. Just the one question, and then I will complete this.

Mr. FASSER, this subcommittee has had this subject before it continuously over the past several years, and I recall that not too long ago we were talking about the 32,000, that had been reduction. Now, approximately 16,000 are being talked about. We have some information which would lead us to believe that it is anticipated that that enrollment will go down to 8,000.

Are you now saying that that enrollment is not being reduced?

Mr. FASSER. No, sir. It will not go down to 8,000. We are still aiming at maintaining around a 15,000 or 16,000 man-year program.

Mr. HAWKINS. Isn't it also true that there is a reduction of the \$184 million figure that you gave me for 1973? That it had been \$204 million, and \$184 million is a reduction from that amount? And then

you are reducing that reduced amount down to approximately \$121 million. Am I correct in that?

Mr. FASSER. Let me see if I can straighten that out. The \$204 million figure that you quote really is \$202 million. It includes money that was unspent from a previous year, so the amount of money requested for the fiscal year would have been \$194 million.

Job Corps was asked to take a \$10 million cut this year, and that is where the \$184 million figure comes from. The cut was made on the basis that two new centers would not be opened, and that there would be other economies effected in the Job Corps system without cutting down on the number of enrollees or the services to those enrollees.

Mr. HAWKINS. Information has come to the subcommittee that two women's centers, one in Tongue Point, Oreg. and one in Jersey City, N.J., all residential manpower centers, and nine conservation centers are being closed.

Is that information correct or not?

Mr. FASSER. That is incorrect information, Mr. Chairman.

Mr. HAWKINS. I am glad to know that.

Mr. FASSER. As I told you, we are developing a plan. The plan is designed to meet our targets.

The request for development of the plan and the guidelines set out for that have been transmitted to the Director of Job Corps, and I trust that he is presently rapidly developing his plan. He has until March 1 to come back with his plan for fiscal 1974. There will be no decisions made on the conservation centers, the RMC's or the Tongue Point or Jersey City centers until after the plan is in.

Mr. HAWKINS. Thank you.

Mrs. Chisholm?

Mrs. CHISHOLM. I would like to make one thing very clear for the record. That is this: the statement made by Mr. Fasser in terms of the terrific turnover in the Job Corps is in no way to be attributed, I hope, to the persons who have been receiving the benefits from the Job Corps. I have had the opportunity to visit several of these centers and to spend a great deal of time there. In my opinion, there is a clear indication that many persons who are planning for these centers and who operate these centers are just not attuned and sensitized to what is needed.

So often the same comparison could be made in our educational system that if the children fail, it means something is wrong with the children rather than attacking the system. I want the record to be very clear on that because I believe that if the persons who are making the overall plans and projections would take the time to interview many of the young people in those centers, like I have done over a period of a year, they could get some good suggestions and ideas as to why there need not be a turnover in these centers, because these young people really have no other place to go.

They are looking to these centers to give them a new outlook on life. I want the record to state that very clearly.

Mr. FASSER. I thank you for that, Mrs. Congresswoman. I did not in any way mean to impugn the character of the recipients of this service.

I did not intend that at all. If the fault lies anywhere, it lies with us in managing the centers. I will take into account what you have said and proceed accordingly.

Mr. HAWKINS. Mr. Clay?

Mr. CLAY. You mentioned that even though you will be reducing the number of enrollees in the Job Corps, that it is your hope that you will be able to do a better job with less money.

Can you give us the approximate cost, man-year cost for an enrollee in the RMC?

Mr. FASSER. May I, Mr. Congressman, provide that for the record, because I do not have it with me, broken down by man-year cost.

Mr. CLAY. Do you have estimated costs?

Mr. FASSER. I would guess that it is under \$8,000 per man-year.

Mr. CLAY. \$8,000? In 1969 this administration closed 69 Job Corps Centers, and they advanced the same argument that they were going to provide a much better service at less money.

How does this \$8,000 compare with what existed prior to 1969?

Mr. FASSER. I do not have that historical data here, Mr. Congressman.

Mr. CLAY. Do you believe it was \$5,400 in 1968?

Mr. FASSER. Well, I do not believe it.

Mr. CLAY. You do not believe it?

Mr. FASSER. No. I will investigate that, and I will provide you with my view as to what the cost was at that time and what it is now.

Is that acceptable to you?

Mr. CLAY. Yes, thank you.

[The information referred to follows:]

The Economic Opportunity Act of 1964 as amended imposed a limitation on the Job Corps enrollee man-year cost as follows:

"Section 117. (c) The Director shall take necessary action to assure that for any fiscal year the direct operating costs of Job Corps Centers which have been in operation more than 9 months do not exceed \$6,900 per enrollee."

This is usually referred to as the "statutory cost."

Legislative history has defined "direct operating costs" as including center operating costs (i.e. food, clothing, center maintenance, supplies and services) and the costs of enrollee pay, allowances and travel.

For fiscal year 1972 the statutory cost for residential manpower centers was \$6,570 per enrollee man-year. This compares favorably with a fiscal year 1968 average per enrollee man-year cost of \$6,716 for those centers that were closed during fiscal year 1969.

The Job Corps average statutory cost per man-year was \$6,365 in fiscal year 1972 as compared with \$6,601 in fiscal year 1968.

Mr. HAWKINS. Mr. Fasser, I have no other question. I believe you did agree to forward to the subcommittee some information requested by Mr. Clay. I would also like to ask that the directive or directives pertaining to the use of the emergency employment money in the Neighborhood Youth Corps programs also be forwarded to this subcommittee, and again I wish to thank you for appearing before the subcommittee.

I believe that you have been a valuable assistance to this subcommittee, and obviously the critical remarks that we made about the nonappearance of some other witnesses certainly do not apply in your particular case.

We commend you and thank you very much.

Mr. FASSER. Thank you, Mr. Chairman. I will submit the directive pertaining to the use of EEA money for summer youth activities as soon as it is issued.

Mr. HAWKINS. The next witness is Mr. Sar Levitan, Center for Manpower Policy Studies, the George Washington University.

Mr. Levitan, it is a pleasure to welcome you before the House Education and Labor Committee. You are not an unfamiliar figure, and we certainly appreciate the contribution which have been making to the work of this committee.

We do have a prepared statement from you. You may read from it or deal with it as you so desire.

STATEMENT OF SAR LEVITAN, CENTER FOR MANPOWER POLICY STUDIES, THE GEORGE WASHINGTON UNIVERSITY

Mr. LEVITAN. Thank you, Mr. Chairman.

I did not have time to prepare an advanced statement, so I will just comment on a few points. If I may, Mr. Chairman, I would like to start with the exchange that took place during the past 2 hours. I am very much concerned with the problems you and your colleagues raised as well as with Mr. Fasser's difficulties in trying to answer your questions.

I think that a simple answer can be obtained from the "Special Analyses of the Budget of the United States," published by the staff of the Office of Management and Budget. In the analysis of manpower programs on page 120 are two simple figures for 1973. The appropriated revenue sharing funds for manpower during 1973 that are available now to Mr. Fasser and the Labor Department are \$1.382 billion. For emergency employment, Mr. Fasser and the Labor Department have \$1.088 billion. It does not take a very sophisticated computer, Mr. Chairman, to calculate that the Labor Department has \$2.5 billion in fiscal 1973. I am rounding it off.

In the 1974 budget, the President is proposing that under manpower revenue sharing, there will be \$1.164 billion available. There also will be \$574 million in unutilized funds left from the emergency employment appropriation. Again, by simple arithmetic, we get a total of \$1.738 billion. Now, I remind you that in 1973 we have \$2.5 billion and in 1974 we will have \$1.7 billion. Even if the President succeeds in keeping inflation down to 3 percent, I submit that Mr. Fasser and his staff, capable as they are, and the mayors, capable as they are, will not be able to make \$2.5 billion out of \$1.7 billion in the next 18 months.

Consequently, there will not be equivalent money available to support all the present programs. When choices must be made, as Mr. Steiger suggested, if the funds are used for Mainstream, they will not be available for New York City or for other programs. Obviously, there will be very painful and very sharp cuts.

Having said that, I do want to add that I believe that Congress should welcome the President's \$269 billion ceiling on the budget, but not the priorities that the President has set.

I believe that the Federal budget has grown very rapidly in the last 3 years, and there is considerable merit to keeping a ceiling on the budget, but the cuts should not be taken out of the hides of the poor and needy. There are other places from which Congress can cut the funds. If, however, Congress, in its wisdom, decides that cuts cannot be made in any of the other outlays proposed by the President, then I think a \$269 billion ceiling on the budget should not be maintained.

Therefore, whatever Congress decides to do, I believe that the sharp cuts in social programs should be rejected. The cuts are based largely on the assertion that the Great Society programs—which, by the way, have been expanded very considerably during the first Nixon administration—have not worked. I find this assertion not at all persuasive. As a matter of fact, I think it is simply incorrect. If you look at the facts for the 1960's, you will find that poverty in the United States was reduced considerably. In round figures, starting at the beginning of the decade, there were about 40 million poor, and, by the end of the decade, there were 25 million poor. This was in large part a result of the sustained economic growth and tight labor markets that existed in the latter part of the 1960's. I hope we will not repeat the reasons for the existence of the tight labor markets, but the tight labor markets made it possible for people to be hired under the Great Society programs.

So the popular assertion that the Great Society failed—now being repeated by the administration spokesmen, and I am sorry to say also by supposedly impeccable, presumably liberal commentators—is not true.

The programs have worked. They have done a great deal for the poor. They have done a great deal for the needy and minority groups in the United States, and this is the basis on which I would strongly urge you not to cut these efforts. I do not think I have to persuade this subcommittee.

If I may permit myself a small commercial, I have just completed a book on Federal social programs in Washington, "The Federal Social Dollar In Its Own Back Yard," published by the Bureau of National Affairs. Based on these studies in Washington, D.C., and this applies to other cities, my conclusion is that the Great Society programs, expanded by Congress and President Nixon, have made substantive contributions to life in the District. In Washington and other cities, if you look at the record, without Federal grants-in-aid there would likely not have been manpower programs to help those who have difficulty competing in the labor market. The housing and urban renewal effort would be almost nil. Feeding the hungry would be left, as in the past, to private organizations lacking adequate resources. Providing income support to so many of the poor would not be feasible without the Federal dollars. Low income individuals would have to depend on limited resources in the medical market place, and you know what that means. Institutions of higher education would be in financial straits, and many would go out of business.

There can be no doubt that the Federal aid to individuals contributes to the alleviation of local problems. To turn to specific statistics in the District, most of the 7,000 students in Federal City College and 3,000 students in Washington Technical Institute would not have been able to pursue post-secondary education without Federal aid. Indeed, there is doubt whether most private universities would continue without assistance. My own university came to Congress with hat in hand, and we said we could not continue our medical school unless Congress provided funds.

The 100,000 persons on food stamps are living better today because of this assistance. The growth in number of recipients attests to the fact that people value that aid.

It is difficult for me to denigrate the fact that 44,000 pupils in the District receive free lunches and get one balanced meal a day or that 25,000 patients receive medicaid benefits and are obviously better off than if they were left to their own resources to obtain medical aid with their own meager resources. The 7,000 pupils who are hired in the summer under Neighborhood Youth Corps owe their job to Federal assistance, and other trainees under Federal programs may benefit from other manpower services.

These programs have not solved the social problems of the city but even before the currently proposed budget cuts, they did not have the adequate resources to meet all of the needs to which they were addressed.

Given the limited resources which plague all efforts, the legitimate question should not be whether they completely solve social problems, but whether they contribute to a solution. The answer is positive, although in some efforts the contribution is small per dollar committed. What I am saying is that Federal antipoverty and social programs work and they should not be cut.

Turning specifically to OEO, the appendix to the 1974 budget states on page 106, "Community action has had an adequate opportunity to demonstrate its value to local communities. Little justification for continuing programs can be identified. Evidence is lacking that Community Action agencies are moving substantially a number of people out of poverty on a self-sustaining basis." Having made this assertion, the report volunteers the following advice: "If the constituents of individual communities desire to continue providing financial support to local community action agencies, general and special revenue sharing funds could be used." This type of advice, Mr. Chairman, may not go down in history with "Let them eat cake," but it is a very close second.

It is the same thing that you have been talking about for the last few years. Obviously, Governors, mayors and county supervisors can take the money left under revenue sharing and use it for a single purpose or for two purposes, but they will not be able to use it for all of the efforts that are now helping needy people.

What is the evidence that OEO has not worked? I trust that Mr. Phillips will come before you and explain it since what I quoted was from the official budget. I grant, having made some studies of OEO, that OEO statistics are not perfect. I think that is a mild statement to make about OEO statistics, but at the same time, we know that there are roughly 100,000 people employed in Community Action programs. Many of the people who have been employed by the Community Action agencies were poor and some are still very close to poverty. If you cut off OEO support as proposed, the cities would have to use some revenue sharing funds, depleting what could be applied to other needs. Otherwise thousands of community service people will be laid off in all of the cities of the United States.

It is also important to remember that one of the things a Community Action agency does—and not only the Community Action agencies, but collectively, all of these programs, the model cities and the manpower programs—is to serve as a ladder for the upward mobility for

blacks and Chicanos. This has been the most successful program to provide upward mobility for blacks and Chicanos. Although we do not have enough data, and I wish OEO would prepare some of these data, many blacks and Chicanos in executive and administrative positions in private industry and State and local government, had their training and initial exposure to executive experience in the antipoverty programs. If you cut them off, you are cutting off that avenue for upward mobility.

I would also say that OEO has contributed important insights in solutions to problems that deal with poverty. The Head Start program has been a particularly innovative program and has pointed out the very real needs of poor children. Again, it should be expanded rather than reduced. I would say that OEO, with its experimentation in the delivery of health services in neighborhood health centers, has made a very important contribution. While it is the proverbial drop in the bucket compared to the billion spent on medicaid, the experiments in attempting to improve the delivery of medical services to the poor in central cities should be expanded and maintained separately rather than thrown in with HEW programs where the chances are that the program is going to be lost. Legal aid to the poor is one of the important new institutions that has been developed in the last 7 or 8 years. It is an important contribution of OEO's Community Action agencies. Again, legal aid is not going to be abolished under revenue sharing, but, if the reason for discontinuing OEO is based on the assertion that Community Action agencies have not demonstrated their value, then Congress should take another look at legal services before it acts.

I would also say that the much maligned aspect of Community Action and one you have discussed so much in Congress—the maximum feasible participation by the poor—is now occurring through the Community Action programs. Many blacks, Chicanos, and Indians are involved in city affairs just because of the maximum feasible participation requirement and Federal funding of the OEO agencies. I would say that Community Action Agencies had an opportunity to demonstrate their contributions. OEO report which, I imagine, was published with clearance of Mr. Phillips—whom you may want to ask to comment on it—shows the effectiveness of Community Action Agencies in mobilizing resources. It is entitled, "Utilization Test Survey Data for 591 CAA's", published January 1973 by the Office of Operations, Office of Economic Opportunity.

Mr. HAWKINS. Mr. Levitan, are there any copies available for the members of the committee of this report.

Mr. LEVITAN. I have just gotten a copy. I do not know from where. But I would be glad to share my copy with you.

Mr. HAWKINS. I will share mine with Mr. Steiger.

Mr. LEVITAN. I will give the other side my copy.

Mr. HAWKINS. Without objection, the report will be included in the record at this point. The report being the one entitled "Utilization Test Survey Data for 591 Community Action Agencies."

It is a report of the Office of Operations of the Office of Economic Opportunity.

[The report referred to follows:]

UTILIZATION TEST SURVEY DATA FOR 591 CAA's



January 1973

**Office of Operations
OFFICE OF ECONOMIC OPPORTUNITY**

UTILIZATION TEST SURVEY

The new Community Action Mission Statement developed under the Nixon Administration made it clear that it is not enough for this program simply to spend Federal money for poverty programs. The relatively small OEO investment in CAAs and SEOOs is intended to help them mobilize or stimulate better use of other resources - both public and private. This concept had been in the EQA and OEO rhetoric all the way back to 1964, but it was not made broadly operational until the new Administration leadership turned OEO around from simply spending to mobilizing resources.

The new emphasis has also produced other positive results, including closer working relationships between CAAs and state and local governments, which offer genuine help in making the decentralization of government succeed during the next few years.

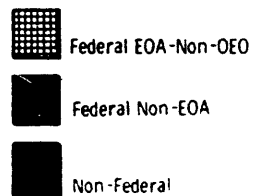
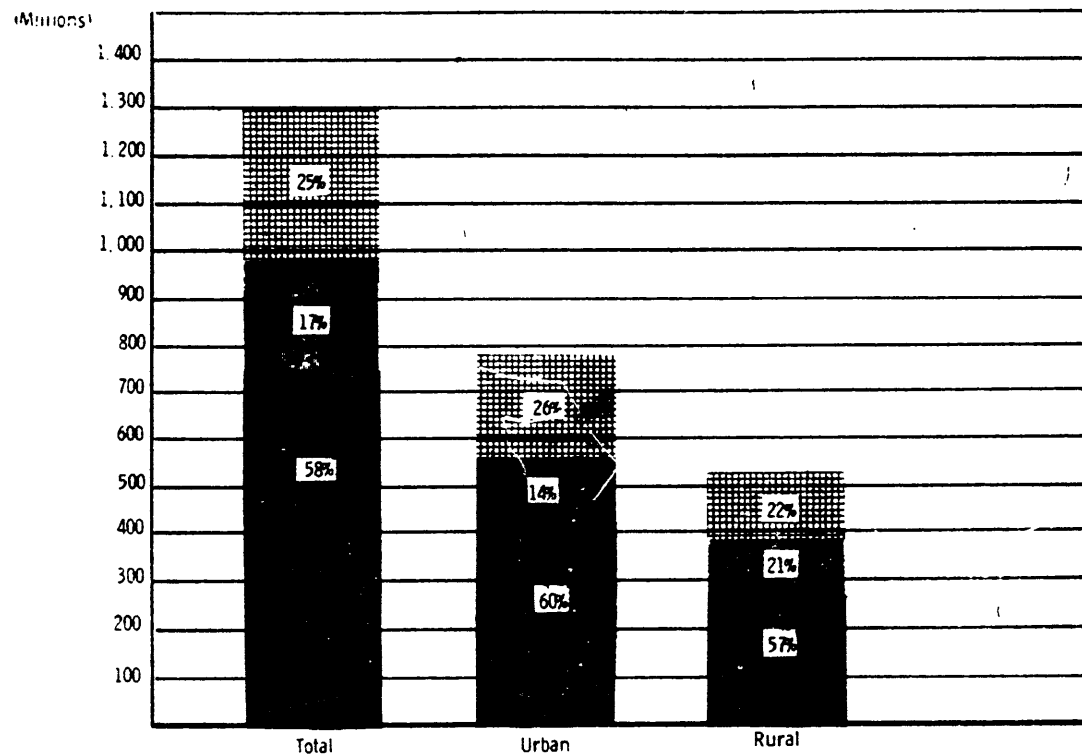
OEO recently initiated an experimental effort to determine the degree to which CAAs have mobilized non-OEO resources for the poor, or have gained other improvements in the way community resources are used to help the poor become self-sufficient. There is more work to be done in completing the first phase of this Utilization Test Survey. Reports submitted to Headquarters by OEO Regional Offices are still being analyzed, and some will need to be re-done. Both machine and hand analysis have been slow and imperfect under the difficult conditions of this experiment. The identification of outstanding individual cases of mission impact for detailed study to expand the technical know-how of all grantees, has yet to be accomplished. Nevertheless, there is now emerging for the first time a national picture of Community Action achievements in terms of the basic mission emphasized by this Administration.

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Machine print-outs of the first broad profiles now include 591 CAAs. (The number should increase to about 850 by the end of January.) Even at this early stage in the project, the picture clearly shows that the Administration's re-direction of Community Action was on target. It is already producing highly constructive mission results in both urban and rural communities and the trends indicate that continued effort in this direction will produce substantially greater returns on a small investment.

Chart #1 shows the total resources mobilized by the 591 CAAs from 1964 to 1972, broken down urban and rural, but not by year. Of the \$1.3 billion mobilized about \$750 million was non-Federal. Another \$200 million represents mobilization of the resources of other Federal agencies by local CAAs. Only 25% of the total represents local mobilization of EOA funds administered by other Federal agencies, such as Head Start and Title I Manpower. The bulk of funding under these programs is excluded from this study, since it is not considered a local mobilization achievement except in special circumstances which warrant that interpretation.

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Mobilization of Resources
for 591 CAA's
from
Utilization Test Survey

Office of Operations

~~Charts #2 and #3~~ show the total amounts mobilized from various public and private sources. Chart #2 includes 340 rural CAAs and Chart #3 covers 251 urban CAAs.

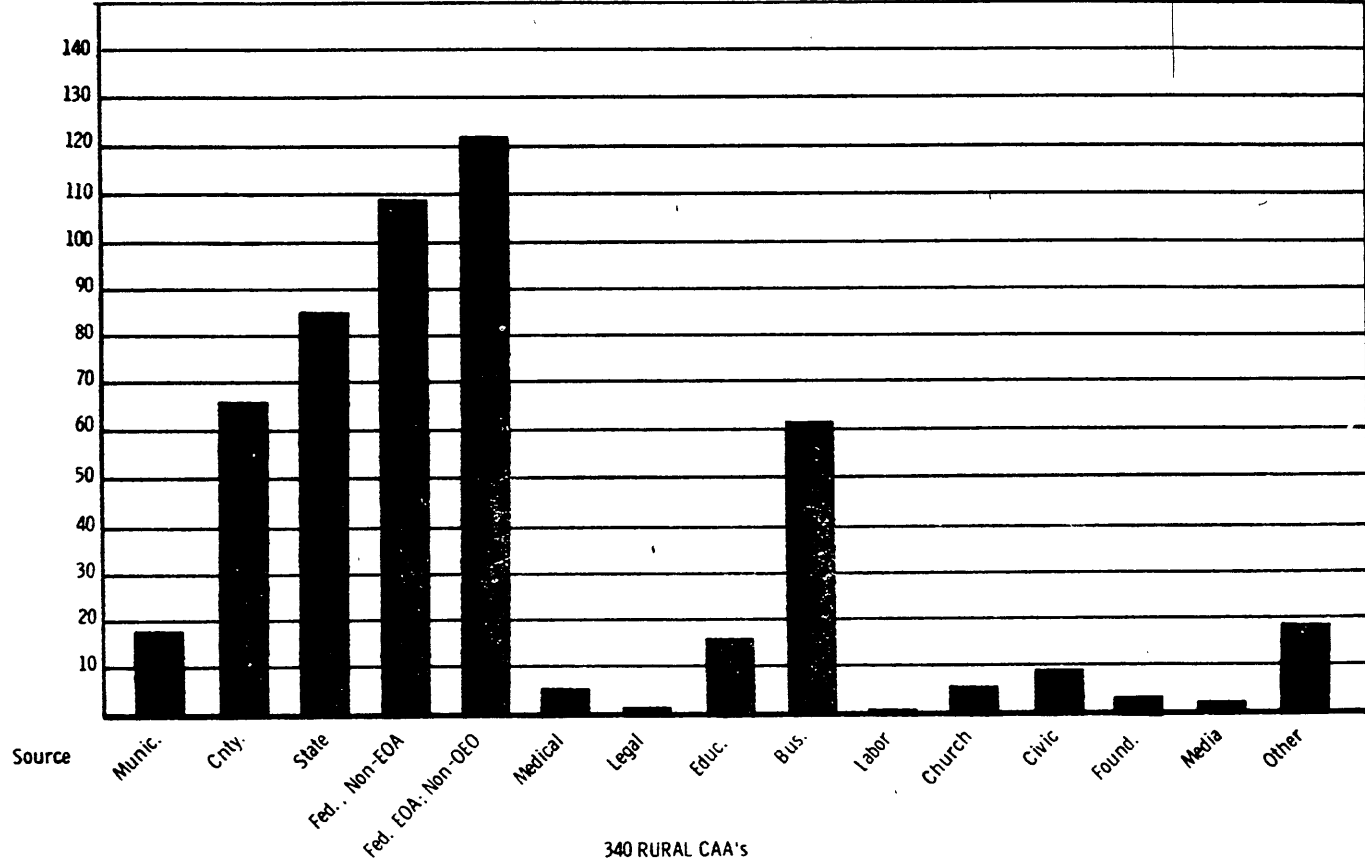
The extent of state and local government resources mobilized is most encouraging and indicative of the growing ties between CAAs and state and local governments.

Perhaps most surprising is the very substantial mobilization of business and industry resources, especially in rural areas. Total business resources amount to about \$75 million.

Resources from medical and educational institutions total about \$40 million and \$56 million respectively, preponderantly in urban areas.

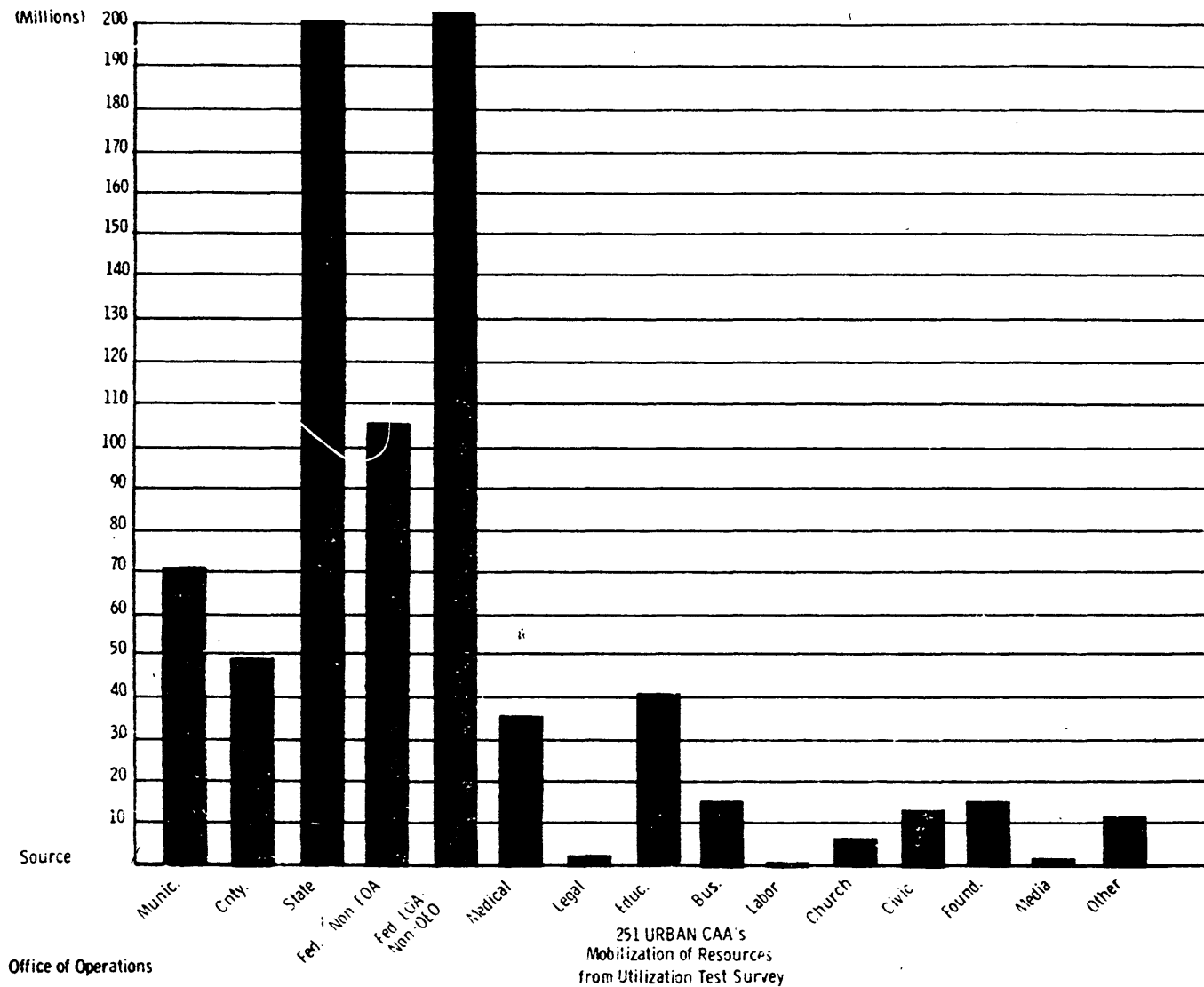
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(Millions)



340 RURAL CAA's
Mobilization of Resources
from
Utilization Test Survey

Office of Operations



Office of Operations

Chart 4 shows the total mobilization levels in these 591 CAAs for each year beginning with 1968. This time-span covers the period of program redirection by this Administration.

Efforts to strength CAA management and public officials' roles in local CAAs, plus a range of other program initiatives such as the pilot Resources Mobilization Grants helped move the level of achievement up in the early part of this period. But the basic shifting of gears under OEO's 1972-73 Community Action Strategy, is apparent in the accelerated growth of mobilization results in 1972.

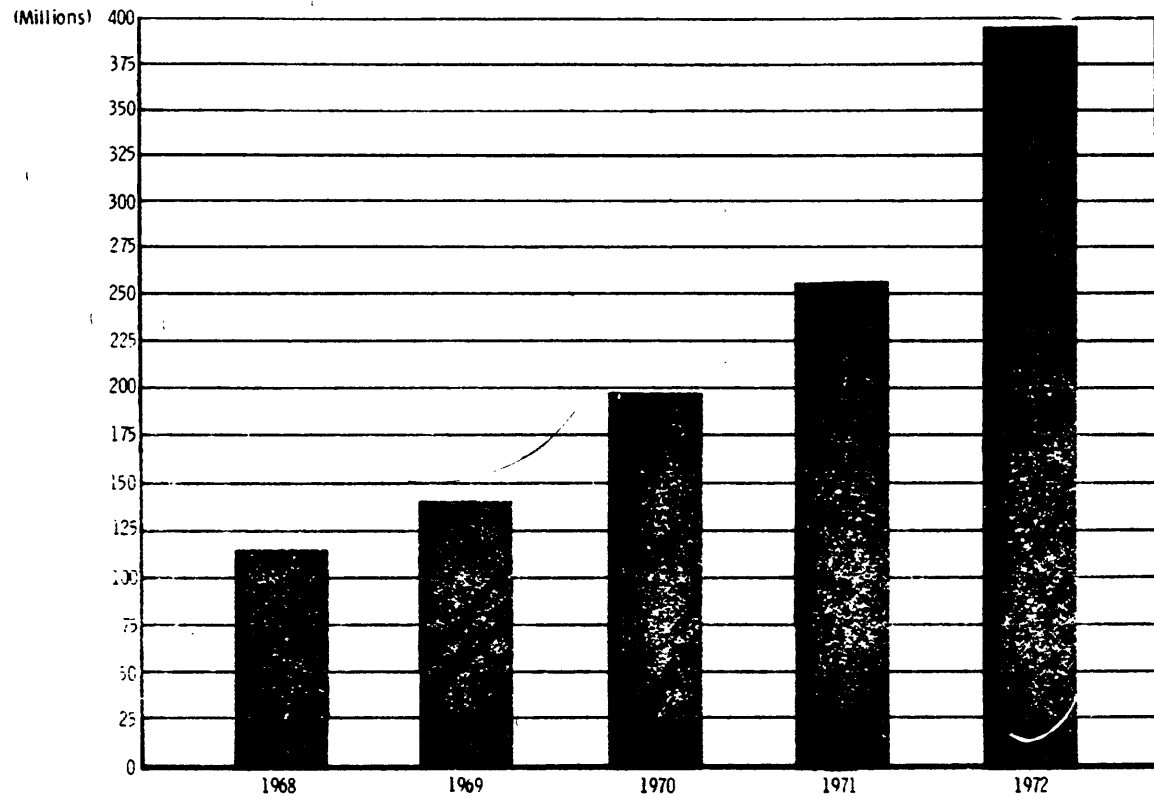
The growth of mobilization results during the entire period has occurred without any increase in the CAA's basic Local Initiative grants.

Local Initiative grants and supporting activities such as T&TA totalled about \$1.6 billion for the five years covered by chart 4. Since the 591 CAAs represent a broad national cross-section, it is fair to assume that they account for about 2/3 of the Local Initiative, or \$1.1 billion.

Thus, the non-Federal resource mobilization alone amounts to almost 60% of the Local Initiative investment. Total mobilization from all sources exceeds the total Local Initiative funding in 1972.

It is important to note that the amounts shown here are over and above the required 20% non-Federal share which grantees must mobilize in order to obtain a Local Initiative grant in the first place. If we include this required mobilization, the non-Federal resources mobilized by CAAs equal almost 80% of their Local Initiative grants.

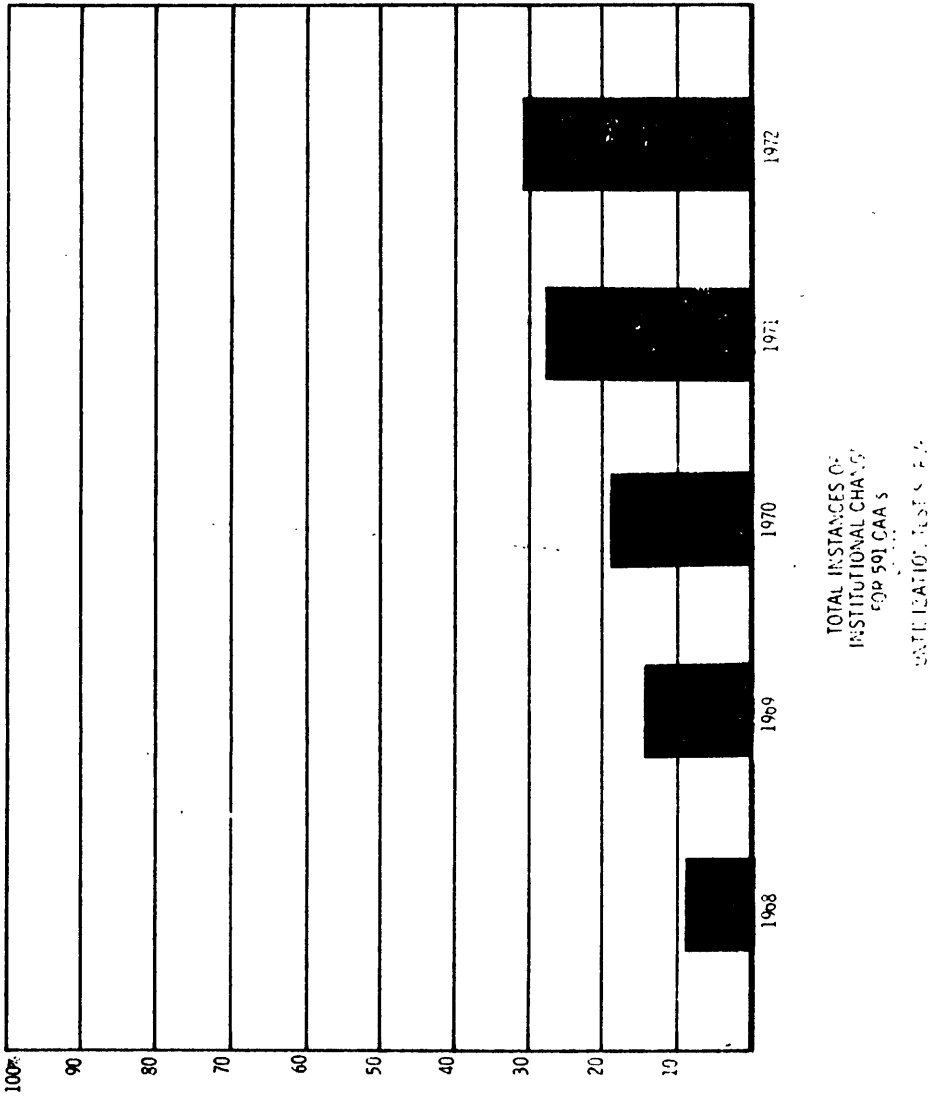
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Mobilization of Resources
for 591 CAA's
from
Utilization Test Survey

Office of Operations

Chart 5 shows that the number of cases in which CAAs helped bring about constructive institutional changes has also been growing over the past five years. Each bar represents the new instances of change which occurred in that year.



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Charts 6, 7 & 8 show the relative extent of different kinds of institutional change. Chart 6 deals with improved participation of the poor in Community Affairs; Chart 7 reflects improved employment practices; Chart 8 covers other program improvements, increased accessibility of services, and improved planning and coordination.

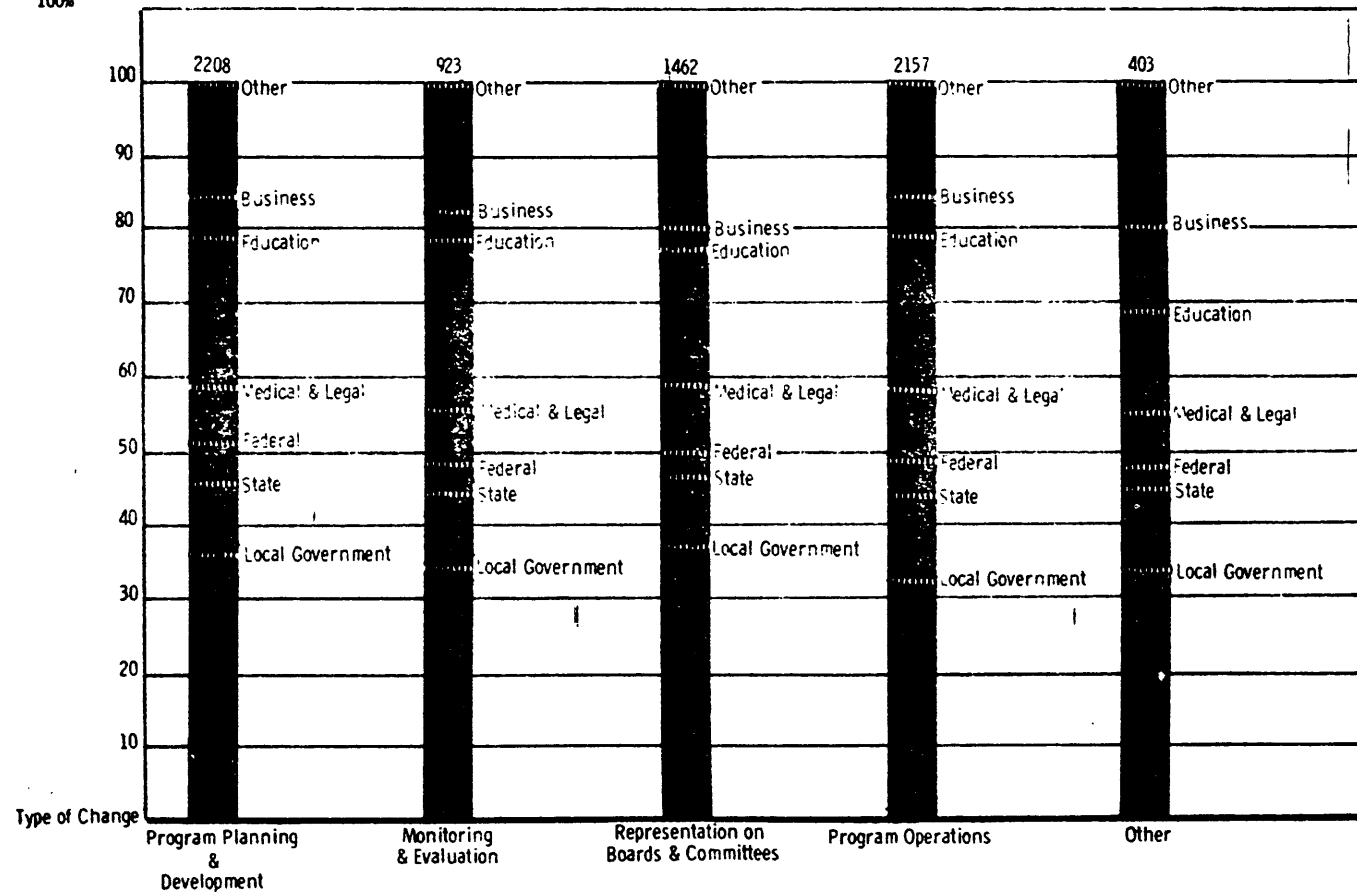
Improvements made by local governments account for 25% to 35% of the changes in every category. State governments account for another 10%-15% across the board. Thus, up to 45% of all the significant institutional changes occurred in state and local government.

Educational institutions were involved in 10%-20% of the changes. The business community shows a substantial responsiveness, with 15%-20% of the improvements in employment practices.

The medical and legal professions were especially strong in improving the access of services to the poor and other programmatic changes shown on chart 8. They also show substantial improvements in participation of the poor, on Chart 6.

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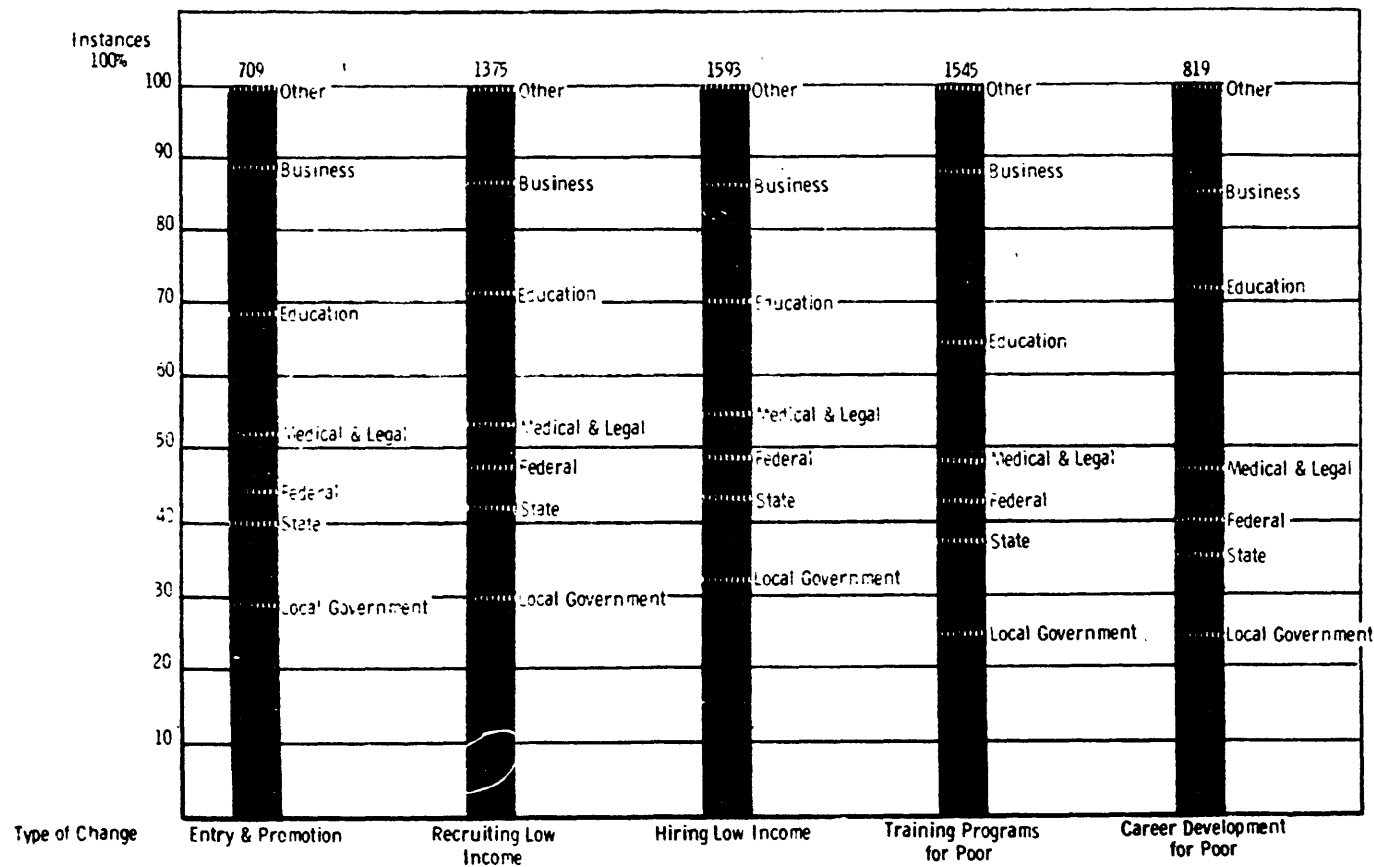
Instances
100%



INSTITUTIONAL CHANGE
PARTICIPATION OF THE POOR
FROM
UTILIZATION TEST SURVEY
FROM 591 CAA's

Office of Operations

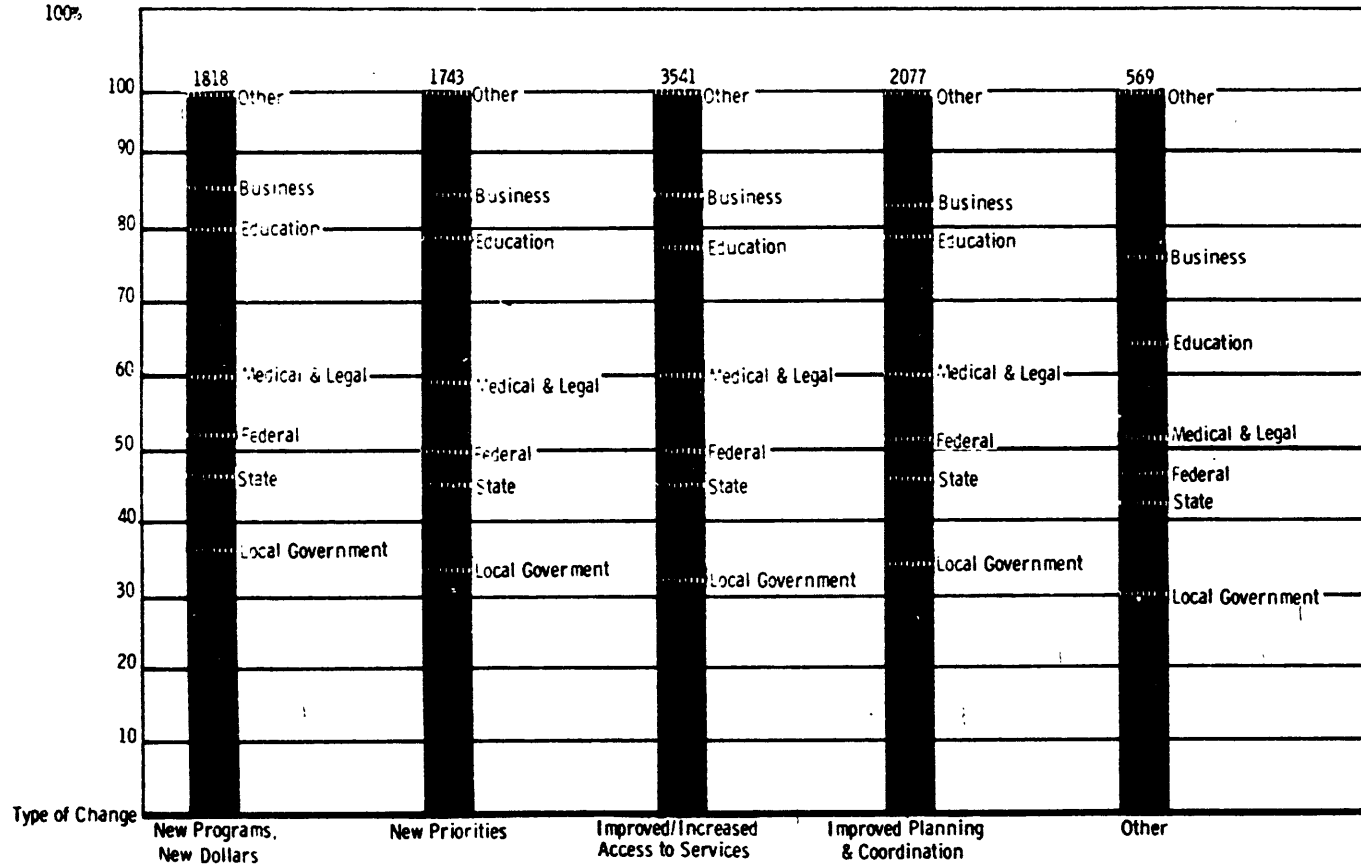
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INSTITUTIONAL CHANGE
EMPLOYMENT PRACTICES RE POOR
FROM
UTILIZATION TEST SURVEY
FROM 591 CAA's

Office of Operations

Instances
100%



INSTITUTIONAL CHANGE
FROM
UTILIZATION TEST SURVEY
FROM 591 CAA's

Office of Operations

The total emerging picture of Community Action clearly shows that CAA's are rapidly becoming very positive forces in their communities, that can play significant roles in helping communities rise to the challenges of revenue-sharing and other forms of government decentralization.

While we must continue to refine and verify this data, the Federal government should also be thinking seriously about the immediate and long-range benefits to be derived from continuing to strengthen CAA as well as local government capabilities for effective problem-solving at the community level.

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UTILIZATION TEST SURVEYScope

The Utilization Test Survey was directed toward the entire universe of 907 Community Action Agencies and 52 State Economic Opportunity Offices, all funded from the ten OEO Regional Offices. The instrument was designed to gain information on the present funding sources of all Community Action Agencies, their success in mobilizing resources for anti-poverty efforts other than the required non-Federal share for their OEO grant, to identify the sources that have been tapped and to indicate the amount of resources so mobilized as well as the type of program operation that benefitted. In addition, an attempt was made to determine the amount of Institutional Change which was brought about as a result of the Community Action program in each community by identifying the institutions involved, the type of change which occurred and information as to the approximate years in which changes took place.

It is intended that the data on resource mobilization and institutional change provide for both a quantitative and qualitative entry of information. Therefore, when a local agency in concert with the Regional Offices decided that a specific case of mobilization of resources or Institutional Change was significant enough to be reported, there was an opportunity not only

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to indicate that it was the county government, but provided an opportunity to specify in narrative what element of government e.g., the county health department. In addition to providing information as to the category of program to which resources or changes applied and the years in which they occurred, an opportunity was provided to indicate the techniques by which the effort was brought about and to describe the significance of this particular instance of resource mobilization or Institutional Change. It was anticipated that both a computer analysis and hand review of the records would provide indicators of significant cases of resource mobilization and institutional change which could be targeted for further research, case study analysis, etc. Use of the Utilization Test Survey was in fact to be a specification of a certain number of cases which could be analyzed in depth and reported accordingly. Results of these analyses would then be translated into policy guidance, training and technical assistance materials, workshops and various types of training efforts in order to feed back to OEO Regional Offices and more importantly to local communities examples of how certain kinds of efforts were successful and how they might be replicated in other local situations.

Procedures

The survey was accomplished by OEO personnel. OEO Headquarters Office of Operations' personnel distributed the instructions and instruments to the ten OEO Regional Offices and oriented all Regional Office Senior Staff and Field Operations personnel in the regions. Regional Office Staff oriented each grantee as to the purpose and nature of the survey and procedures to be used in completing the data requirements. With the guidance and assistance of Regional Office personnel grantees submitted

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original data to Regional Offices. Regional Office Staff completed the data forms, verified all data, included new data from other Regional Office personnel and records, and forwarded the information to OEO Headquarters in Washington. OEO Headquarters completed the computer processing of all quantitative data and hand analysis of nearly all narrative comments.

The decision on whether an instance of mobilization resources or institutional change was significant enough to be reported on the Utilization Test Survey was left to local perception, i.e., the perception of the grantee staff and/or other committee who put together the original data along with that of the Regional Office who was responsible for the product. Therefore, there are variations in what was reported both in terms of a rural CAA to urban CAA but within each of the types of CAAs involved. While this does provide some variation in significance patterns it does provide insight as to what was important in a particular local community context. Some institutional changes might have taken 3, 4 or 5 years to accomplish in one community and maybe only a matter of weeks or months in another community. It is difficult to assess whether or not the report does in fact have a slight variability. However, communities are of such a different nature around the country that the local significance test was the only one to which one could reasonably subscribe rather than setting up national criteria.

Limitations

The data is most accurate and complete only from 1968 and forward as it appears that at this point with the implementation of the 1967 EOA Amendments and the new OEO grant application process that records and personnel are both available to retrieve the facts on the data required. This refers to both grantee staff and to OEO Regional Office personnel

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In order to provide adequate time for the key punching and preparation of the data for computer processing as well as the validation of the data presented, it was necessary to stop data preparation after 591 CAA packages had been received from the Regional Offices. These data are not randomly selected throughout the country but on the basis of what reports were available at the time it was necessary to begin the computer operation. However, the 591 CAAs are spread reasonably well geographically across the country. It is important to note that through administrative error none of the Community Action Agencies represented in the State of New York, New Jersey, Virgin Islands or Puerto Rico from OEO's New York Region are contained in the computer analysis. This is unfortunate in that four of the 50 big cities are included in this region as well as several varieties of rural and urban Community Action Agencies. Their exclusion, however, does not invalidate the trends presented in the data, it merely adds a specific qualification. (This is particularly true due to the exclusion of New York City.) It is important to note, in addition, that over 40 of the 50 big cities are included in the 591 Community Action Agencies data which were ~~processed~~ by the computer.

Approximately 5 percent of the total data from the 591 CAAs was not accepted by the computer for print out. The reasons for the non-printout were primarily key punch error and data records input which did not match existing computer data used to obtain the rural/urban information or matching

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grantee numbers which were on the computer file.

The 591 Community Action Agencies included in the study represent 340 rural agencies and 251 urban agencies. While this is a little bit larger proportion of rural to urban than is found nationally it is felt this breakout does in fact give us a fairly good picture of the totality of Community Action. The fact that over 40 of the 50 big cities are included in the 591 CAAs is also significant and gives us a good picture of the degree of urbanization of Community Action in the data represented.

Assumptions

A statement was required on each of the instruments submitted by the Regional Office for each Community Action Agency to indicate the process by which the data was derived. A sample of 10 to 20 agencies in each of the 10 regions indicated a process of broad participation of agency and community people participating in the appraisal of significant instances of mobilization of resources and institutional change, therefore it is felt that while institutional memory has eroded over the years that the survey reflects genuine and realistic efforts of a local agency to mobilize resources and bring about institutional change. It is also felt that this is a conservative estimate since it was based upon recall. Therefore while some overstatements may have occurred in some local agencies, the tremendous amount of understatement by a large number of agencies more than counterbalances the data. So the assumption is that the data basically reflects a minimum of what occurred and not a maximum.

Significance

The data from 591 Community Action Agencies does indicate significant trends in the mobilization of resources and institutional change brought about by Community Action. The direction of these trends, the quantities

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which are assigned to the various institutions and sources of resources as produced by computer analysis are definitely indicative of the state in which we find Community Action in 1973. It is more than a simple trend, it is a pattern which while possibly not correct in the absolute, is basically correct in the relative values assigned to institutions, types of change, sources of resources and amounts of resources secured.

The methodology employed in obtaining the data for the survey described above provides a manner of significant local input or local perception while simultaneously providing a balanced view of OEO Regional personnel in analyzing the records and current information on the agency held by the Regional Office. It contains both a measure of balanced input and completeness that would not be possible had it not been the product of the OEO Regional Office. While it is not assumed that every single item of resource mobilization was thoroughly validated, in the aggregate these data were validated. While it cannot be known to an absolute truth that the Community Action Agency did in fact cause a particular change in institutional behaviour or responsiveness, in the aggregate it was assessed that these changes did occur as a result of the operation, existence and participation of the Community Action Agency in local community program efforts.

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SURVEY FINDINGSMOBILIZATION OF RESOURCES

The criteria for reporting resource mobilization was based on a test of local significance. It was not so much an amount of money which was generated from the private or public sector, but the significance of a particular effort or series of efforts. No non-Federal share for OEO or other Federal grants were to be reported, therefore the report of resources mobilized are all resources over and above non-Federal share requirements. When we look at the total effort of the 591 CAAs it is significant to note that 58 percent of all resources came from non-Federal sources, that 17 percent came from other federal legislation, and that only 25 percent was attributed to other than OEO from the Economic Opportunity Act. (A previous sample survey of Community Action Agencies by OEO has shown that approximately 38% of their total operating budget is funded by OEO). These ratios are brought out in similar patterns reported by both urban and rural CAAs. While there were discrete differences in specific categories they followed the same basic trend. The total reported resources mobilized from 1966 through 1973 was equivalent to 1.3 billion dollars. These resources represented the acquisition of funds, space, equipment, manpower of either paid staff or volunteer, training and technical assistance or an "other" category. It is important to note that a hand tabulation of nearly all of the CAAs utilized in the survey report that over 75 percent of the resources mobilized was cash i.e., contributions from private individuals, foundations, churches, civic and service groups,

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grants from state agencies, appropriations from municipal and county legislatures and grants from Federal agencies. This is a definite indicator that local Community Action Agencies have been receiving considerably more than "in-kind" contributions but have in fact mobilized a substantial amount of cash for anti-poverty work.

A second significant indicator is the amount of money which was mobilized in any given year. While it is recognized that the erosion of institutional memory and the lack of adequate records might have hindered reporting in some of the earlier years, it is significant to see a growth from \$115,000,000 mobilized in 1968 to \$396,000,000 mobilized in 1972

Although the data is from only 65 percent of the total number of Community Action Agencies which received over \$1.5 billion in local initiative funds it is significant to note that a substantial increase of resource mobilization has occurred in every year since the publishing of the OEO mission statement and the instruction on the purposes of Community Action dated November, 1970.

The accomplishments of Community Action Agencies mobilizing resources for programs to aid the poor show a significant increase for 1972 following the publication of the OEO mission statement for Community Action. The gradual increase from 1968 through 1971 shows a steady growth of 115 to 256 million dollars for the 591 CAAs included in the data for this portion of the survey, thus a growing capability to mobilize resources from the non-poor. The substantial increase from

1971 to 1972 from 256 million to 396 million dollars for the 591 CAAs indicates an invigorated effort in the years 1971 and 1972 to mobilize other resources toward anti-poverty programs. It is obvious that the President's program to curb inflation and improve the status of the United States economy had some influence on the availability of resources to be mobilized, however, it can be said that this period was also a time when Community Action Agencies were targeting their efforts to mobilize resources as well as generating community support. Therefore, due to the catalytic activities of Community Action Agencies significant effort in local communities in both the private and public sector as well as state government definitely showed a more responsive pattern to the needs of the poor.

A look at the sources of resources which were mobilized by Community Action Agencies shows several factors: 1) that municipal and county or local government have been extremely supportive of Community Action programs during the period reported. 2) that state government has been a vital source in providing funds for local anti-poverty work efforts supported by Community Action Agencies. 3) the Federal government does continue to be a very large source of resource mobilization for local agencies. While this is slightly higher in rural areas than in urban centers this might be as expected, but the fact that non-Economic Opportunity Act resources were mobilized for the benefit of the poor were in such a large percentage is extremely heartening as local communities have progressed to look beyond the Economic Opportunity Act for sources of funds to assist in programs to aid the poor. 4) medical and educational institutions or organizations in local communities were a high source of resources for the poor that were leveraged through Community Action. It is not too difficult to see the difference between

urban and rural in these two categories where there are more sources of medical or educational money at the local level in the urban centers as opposed to rural areas. 5) the contribution by business and industry to anti-poverty efforts as mobilized by Community Action Agencies is highly significant. It was not as high in urban centers as one might have anticipated, on the other hand the urban centers have other programs sponsored by other Federal agencies directly with business for which a Community Action Agency is not responsible, therefore, it is not unusual to see a lower amount in urban centers for business contributions as in rural areas. The dollars mobilized by Community Action Agencies from business and industry in the rural sector is extremely heartening. The 60-plus million dollars mobilized by 340 rural Community Action Agencies from business and industry showed a high degree of local participation and effort. 6) the small amounts mobilized by Community Action Agencies from legal organizations and associations and labor organizations is disheartening. It can be said, however, that since there is a national emphasis OEO Legal Services program that some of the legal support was obtained in this manner. It would be hoped, though, that this particular area would increase in the coming years. The extreme low amount from labor can be partially explained by labor participation in the Manpower Administration programs which are not directly attributable to Community Action Agencies, however, even there, the total or absolute number of dollars is definitely low both for urban and for rural agencies. 7) contributions from churches and church organizations occurred relatively the same in both urban and rural areas, however, it must be noted that it is from churches that local agencies gain a considerable amount of non-Federal share in order to obtain their federal grant and since this report excludes non-Federal

share the absolute number of dollars is low. It is hoped that a concerted effort with the church organizations of this country might increase the amount of private resources through religious bodies in coming years. 8) civic and service organizations played a significant role in providing resources over and above non-Federal share to anti-poverty efforts at the behest of local Community Action Agencies. The combination of resources from local government, state government, medical and educational institutions and organizations as well as the large level of business giving and the significant resources obtained from civic and service organizations shows a high level of commitment from the private and public sector at the local level. - It substantiates that there is a large universe of local capability as well as local commitment to the problems of the poor. These data support that assumption and give credence to the value of local institutions working to provide solutions to the problems of local communities. And it shows that local CAAs specifically are valuable in-place capability for mobilizing community efforts and resources. 9) the support provided by foundations to Community Action Agency efforts in a community is realistically indicated by a larger level in the urban center versus the rural area but it does show a substantial amount of support to anti-poverty work.

INSTITUTIONAL CHANGE

The identification of the change and the behavior and practices of organizations and institutions in the community and beyond the community in relationship to the poor was provided by the Utilization Test Survey in five major categories: 1) increased participation of the poor occurring in the institution changed. 2) improved employment

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practices. 3) programs 4) improved and/or increased access of poor to services or benefits. 5) improved planning and coordination. Thus, the survey sought not only to obtain information with respect to changes in the type and/or amount of participation of residents of the area and members of the group served by anti-poverty programs, but also the response of organizations or institutions to the needs of the poor as related to employment programs which served the poor. Not all of the community action agencies for which data is provided in this report were able to indicate significant changes in institutional behavior or responsiveness in all categories, however, this would not necessarily be expected. Sufficient change in the aggregate does show a definite responsive pattern of local institutions and organizations in regard to the problems or situation of the poor.

The category of improved increased access to services for the poor was most often noted by Community Action Agencies and Regional Office staff in the completion of this survey. The nature of change ranged from decentralization of services by local public and private organizations into neighborhoods which brought services closer to the poor to more responsive to the hours of operation of such services in order to better meet the needs of the poor.

Under the category of increased participation of the poor in the institution changed it was quite evident that participation in the planning, conduct and development of programs for the poor had received significant attention in communities served by these 591 Community Action Agencies. It is significant to note that of the some 22,000 instances of institutional change which were reported from the 591 Community Action Agencies, over 30 percent related to the increased participation

of the poor in the institution changed.

Although the charts indicate the specific detail of the sub-elements under the major categories the important things to note are as follows:

1) in all cases the type of institutional change was related to local government at least 30 to 37 percent of the time. 2) changes occurred in educational institutions from 12 to 22 percent of all instances which were reported, 3) the impact upon state government while only 9 to 13 percent of the instances of change reported indicates that the CAA while a local institution was responsible for changes in context beyond its local boundaries. (Analysis of the data of the State Economic Opportunity Offices of course will show significant increase in impact on state government).

An area of special interest in the private sector are changes which occurred in business and industry as reported in the survey under employment practices. In nearly all categories, changes occurred in at least 15% of all instances and at least 12 percent of the instances in the category titled other. This is important to note because an analysis of the narrative information indicate that these were not only just related to the poor, but in the "other" category specifically were the first time in the hiring of persons from a minority race.

The percent of instances of change attributed to medical and legal organizations and institutions was not as high as might be anticipated. This is particularly significant in light of the fact that under the area of mobilization of resources reported in the survey the program most often noted to which these resources were applied was in the medical category. While there was some cross-referencing between the resource mobilization effort and the institutional change which occurred the relative position of medical institution or

organization is not as high as might have been assumed. One possible explanation is that the change was within the local departments of health rather than in private medical organizations/associations, causing the change to show up under the area of local government.

An analysis of the years in which changes took place shows a definite increase year to year over the last five years. In fact for every year since 1968 there has been a systematic increase of institutional change instances noted for every institution itemized on the Utilization Test Survey.

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Mr. LEVITAN. I do not know whether these figures are accurate. All I know is what I read in the official Government report, and I believe it. According to this report, the 591 CAA's had a total outlay in fiscal 1972—and since they say these are preliminary figures, and I would not hold them to the last dollar—of \$1.3 billion of which \$750 million were non-Federal funds and the rest were Federal funds. I would say that this represents quite a local contribution to aid the poor, and consequently, I would maintain that this demonstrates that mobilization of resources called for in the community action program has been achieved.

Finally, as far as the CAA's are concerned, there has been a great deal of talk about the presumed conflict between CAA's and city halls and county courthouses. The acting Director referred to it indirectly in the interview in the Washington Post to which you referred before, in which he implied that community action is a kind of subversive activity. Well, I would say this would be quite a charge against our city halls and county courthouses if these CAA's were really engaged in subversive or un-American activities. There were 34 public agency CAA's before Congress, in its wisdom, passed an amendment providing for CAA's to become publicly sponsored in any city that wanted to take them over or be publicly designated private organizations on those cities that did not.

A year after Congress passed the legislation, only 52 had become public agencies. I have not followed these figures since, but again the evidence is that the presumed conflict between CAA's and city halls is more a man-bites-dog type of story, which our friends in the fourth estate like to play up and which gets the headlines, but which is not at all representative.

Well, what does all of this lead to? I urge you to reject the idea of eliminating direct Federal support to CAA's and leaving them entirely to the tender mercy and care of county supervisors and city halls and to continue with the support of the CAA's at least at the present level.

I would also say that experiences of the last 7½ years have proven the need for an antipoverty agency in the Federal Establishment to speak for the poor and advocate for the poor. The 26 million poor people still remaining in the United States deserve an official spokesman in the Government.

I thank you, Mr. Chairman.

Mr. HAWKINS. Thank you, Mr. Levitan. I will yield my time at this point to Mrs. Chisholm who has an urgent meeting to attend elsewhere.

Mrs. Chisholm?

Mrs. CHISHOLM. Thank you very much, Mr. Chairman.

I would like to thank you very much for your statement because I think you made a very, very important point that has not been indicated by several other persons who are so anxious to abolish the OEO agency. The point is for the first time in this country, many, many Americans have had the opportunity to move out into the social and economic midstream of the land.

I would like to ask you two questions. It seems incomprehensible to me that the administration which is constantly speaking about the work ethic can set about eliminating all of those programs that

would eventually put people into work and give them some hope in America. This administration is abolishing the entire program while at the same time recognizing that thousands of Americans, supplemented by the returning veterans from the Vietnam war, will have to go on welfare.

What I do not understand, and I think it needs to be said, is that the administration seems to have a real philosophy about poor people in this country whether they are black or white.

There is a certain kind of philosophy moving about this country today in terms of the poor. When you can have someone like a Mr. Phillips, the head of the antipoverty agency, making the kind of statements that he has made, it is a clear indication that they have no feelings whatsoever.

I want the record to stipulate that there have been some errors and there have been some mistakes made in the OEO agencies, just as there are mistakes made in just about every agency and every institution where you have human beings, yet I do not want to throw out the baby and the water together.

It seems to me that what we should do now is to evaluate. Wouldn't you feel that instead of eliminating or talking about eliminating a program that has lifted many people out of poverty, that we should work on improving certain aspects of the program in the same way that we work to improve certain aspects of this Congress?

Mr. LEVITAN. I would say to the latter part of your question, definitely yes. To the previous statement, Mrs. Chisholm, I think you would agree that the reported statements of the acting Director of OEC to the press do not represent the views of this administration.

You just had before you, I think, another official of the administration, who showed a great deal of concern and sympathy for the programs. He also has problems in finding ways to make up for the \$700 million or \$800 million that are being taken away from him. That is a different issue. But I really do not think Mr. Phillips' views, or purported views, represent this administration. I hope not.

Mrs. CHISHOLM. Thank you.

Mr. HAWKINS. Thank you, Mrs. Chisholm.

Mr. Steiger.

Mr. STEIGER. Mr. Chairman, I have no questions.

I join with the gentlelady from New York in thanking Dr. Levitan for his prospective and for his long experience in the evaluation and in viewing what happens in programs.

One of the advantages that Sar Levitan brings to those of us who serve in the Congress and on this committee specifically, is a willingness to give us some facts and give us some data and give us a basis on which to make a judgment.

It is that which seems to me is most important as we attempt to deal with this problem. I would want particularly to thank him for making available this 591 agency survey which otherwise has not been available to Members of Congress.

Mr. HAWKINS. Thank you, Mr. Steiger.

Mr. Benitez?

Mr. BENITEZ. I have no questions.

Mr. HAWKINS. Mr. Levitan, I have only one question, and Mrs. Chisholm touched on it, I think. A little over a year ago, the full committee of the House Education and Labor Committee was dis-

cussing the question of organization or reorganization of poverty programs.

At that time, the Administration had proposed some reorganization. However, an alternative or alternatives were really being discussed also, such as a family assistance plan, to name one only.

The atmosphere was one of discussing this problem with the view that if the program was to be abolished or was to be transformed into something else, there would be an alternative presented.

At the present time, so far as I know, the problem of abolition of the programs is not being discussed in terms of any specific alternatives. Perhaps in a vague way, revenue sharing is being thrown out, but I think you have completely dismantled that idea as being a practical alternative.

So far as I see, there is really no alternative being suggested. It is sort of saying to the poor people, well, the one thing that you might have had is being taken away from you, but we have nothing really to suggest except you go to city hall, or you go to the statehouse, and you try to get your assistance there.

Is this, in your opinion, the present situation? Is there no alternative, or no transitional period of any kind being offered, but something being taken away without anything specific being really offered in its place?

Mr. LEVITAN. Mr. Hawkins, I would say that both a family assistance plan and OEO are needed, and the two are not mutually exclusive. In other words, I do not think that you can say "give them money" and that will be all that will be required to end poverty. Providing a minimum guaranteed income is not enough. I think that in the first Nixon administration, efforts to expand medicaid, to support housing for the poor, to improve education, and to expand Headstart, are all necessary as part of a comprehensive effort to attack poverty in the United States and to improve the social institutions of the United States. I would say that an income plan and social programs providing goods and services are not mutually exclusive.

As far as transferring OEO responsibilities to other agencies, I do not believe at present that OEO should be abolished. I once wrote a book on OEO, and I have not changed my mind about the agency. I said 4 years ago that OEO ought to be continued for the reason I cited in my earlier remarks; namely, that we need an advocate of the poor in the Federal Establishment. I would agree with the early Nixon administration approach which the gentleman on your right supported, and that is the need to have a innovative organization. In other words, once a program becomes established, there is no reason why it cannot be transferred to other agencies, but we need somebody with experience who will try new and innovative approaches and also act as an advocate of the poor. This revitalization of programs is needed in all American cities, and for that purpose, I do not see in the immediate future the justification for eliminating OEO.

Mr. HAWKINS. Thank you. I think you have answered the questions very well.

Mr. Benitez.

Mr. BENITEZ. Mr. Levitan, you said earlier that the present budget ceiling should be maintained, but that the priorities should be changed and that basically the Great Society objectives should be retained.

Do you believe or do you find that the Congress is at present technologically able to achieve this budget modification adequately?

Mr. LEVITAN. I certainly believe that until we amend the Constitution, the Congress retains the power of the purse. Whether Congress will have the will to do it or whether there will be a majority in the Congress to do it, that is something you know better than I do, Dr. Benitez. You can do it because you have all of the power and you have all of the knowledge to do it.

Mr. BENITEZ. Excuse me, that was not my exact question. My question was addressed to the technological difficulties or the potential technological difficulties of reorganizing a budget of this magnitude once it is channeled along some directives, and to establish others.

Mr. LEVITAN. Well, since I happen to be an alumnus of the Congressional Research Service, I would be amiss not to plug that organization and to suggest that it could stand a great deal of expansion and this applies also to the GAO. Although Congress has been doing a great deal to build up GAO's evaluation capabilities, the agency needs additional resources. But at the same time, I think that if Congress wanted to reorganize the budget, it has the staff to do it and the congressional research people can help. You do have the wherewithal and the knowledge, but I don't know whether Congress will want to do it.

Mr. BENITEZ. Thank you.

Mr. HAWKINS. Thank you, Mr. Levitan. You have made a great contribution to the subcommittee.

The final witness this morning is Mr. John Kearse, executive director, Economic Opportunity Commission of Nassau County, N.Y.

Is Mr. Kearse in the room? Mr. Kearse, we are running rather late. Would it be possible to have your statement entered into the record in its entirety and have you summarize from it?

Mr. KEARSE. Yes, Mr. Chairman.

Mr. HAWKINS. We are pleased to have you before the committee, Mr. Kearse.

[The document referred to follows:]

STATEMENT OF JOHN KEARSE, EXECUTIVE DIRECTOR, ECONOMIC OPPORTUNITY COMMISSION

A NATIONAL CRISIS NOW EXISTS

You don't know me, but I am a 42 year old "Black Citizen" of this country. Needless to say, I have battled my way through all the racial prejudices and discrimination which was painfully acknowledged to exist in our country for minority group persons. I am the father of a son, age 13, and a daughter, age 12. I am the holder of a Master's Degree in Social Welfare. I have put in five years in city civil service and nine years in state civil service in professional capacities.

In 1967, I recognized a need for Black people like me to join in the struggle to help people to remove themselves from the conditions of poverty in the United States, if there was ever to be any hope for the generation of my son and daughter. I dedicated myself, energies and talents to helping people to work within the system in order to bring about orderly, and most importantly, lasting change within those systems as the way to protect the future well-being of their families. I based my philosophy upon my belief, as an American, that a lasting commitment had been made by our federal government to eliminate poverty in the United States of America. I was ridiculed and laughed at by people of more militant and revolutionary philosophy. However, because of my strong belief in my country, and the commitment it had made to its poor, I have persevered. I retained that belief in the American Commitment because I remembered how effective it was in our foreign relations as we rebuilt war-torn Europe and

Japan, as we poured our men, arms, money and technology into foreign entanglements in Greece, Vietnam, the Middle East and other places—because we had given our American word, our commitment. I also persevered as we engaged in an arms race of mind-boggling proportions because we were sworn to maintain our statute as the most militarily powerful nation in the world to be the guardian of world peace.

I was, of course, disappointed each year when the so-called "War Against Poverty" at home began to receive less and less support through Congressional appropriations. However, as a believing American citizen, I allowed myself to accept the excuses of the "space race" as we poured billions and billions of our dollars into this program, rather than programs for solving domestic problems which grew with each passing year. Finally, we decided we won that race to the glory of the United States of America, and we are curtailing that spending of funds. The only question I still have is—what did we win? The Vietnam war, of course, was something for which uncounted billions of dollars have been spent. Because we didn't seem to know how to get out of it, I once again had to understand that we had to expend the necessary monies to provide our soldiers with every possible support to enable them to defend themselves and win, if possible. I can't help but question the validity of the "Peace with Honor" we have achieved.

However dubious has been the cause, as cited above, the commitment of the United States of America has proven valid regardless of the costs in money resources, American soldiers, and internal disagreements on the part of its citizenry who did not agree with these commitments. Length of time and amount of money needed to fulfill these commitments did not in any way act as a deterrent. There was also a clear understanding of the fact that errors had to be made in the pursuit of those commitments as a necessary part of achieving success. This has always been the American way of solving a problem. We were reminded time and time again that we, the United States of America, have never lost a battle. . . . nor have we withdrawn from a fight in dishonor.

In 1964, this country committed itself to a "War Against Poverty," dedicated to the elimination of poverty in this, the wealthiest and most powerful country in the world. It was declared a National Priority at that time. The minorities and the poor felt included as American citizens. However, as early into the fray as 1965, other matters such as previously described, demanded the national priority. The country did not opt for total withdrawal, but a subtle holding action was put in place. The proposed programs were restricted and funding was said to be limited and reduced in favor of the other pressing priorities of space, peace in the world, arms race and Vietnam. There was no effective way in which the minorities and the poor could legitimately focus the country's attention effectively upon the growing domestic problems with which they had to live.

On January 26, 1973, the treaty ending the United States involvement in Vietnam was signed. The arms race agreement with world powers was signed previously. Foreign aid has been appropriately reduced. The space program for the United States has been curtailed and it is time to heal our domestic ills, if we are to remain a strong nation. The "War on Poverty" to which this nation committed itself but never allowed to become anything more than a skirmish must now be won.

Gentlemen, this domestic war effort has been publicly accused by the current Administration as having been a failure. It is our contention that this constitutes an indictment, not against the Economic Opportunity Act programs, but the government. This administration very clearly understand that any business enterprise which is uncaptialized, understaffed, and short on adequate operating capital, must fail to be successful. It is obviously the rationale which was applied to justify our efforts to conquer space, to win the arms race, and to achieve "Peace with Honor" in Vietnam, as an unending stream of manpower, support systems and money from our government was addressed to meeting our commitment to these national priorities to assure their success.

I cannot help but wonder why these same considerations are not applied to the "anti-poverty" programs for the poor. It is a matter of Congressional history that:

- I. The national commitment to eliminate poverty in the United States of America was not fully accepted by some members of Congress;
- II. Each year at appropriations time, the newly established programs for the poor were thrown into a state of panic and crisis as they awaited their fate to be decided by Congress;

- III. The steady late funding did not enhance their ability to stabilize and focus their energies in the most effective and efficient way in many of the poverty communities;
- IV. The Congressional attitude toward these programs was not perceived as positive and supportive by elected officials on the local level and they acted accordingly;
- V. After several years in operation, as is the case with normal business or agency operations, operating costs were increasing while federal appropriations were steadily being cut back, and;
- VI. Community Action Agencies were having to waste untold numbers of manhours responding to any and all kinds of unfounded charges levied against them by anyone at all in order to retain our funding.

The aforementioned represents only a few of the problems with which the Community Action Agencies had to contend in their struggle to become a viable community institution for the poor. I am certain that Congress would have been able to identify these kinds of handicaps and impediments as factors beyond the control of the programs and agencies, and would have in all fairness held them "faultless," if they were not the controversial Community Action Agencies working for the unpopular poor. What justification can there be for this kind of double standard?

As a holder of a Master's Degree in the Social Welfare field, I am particularly concerned over the fact that we have not yet been able to develop an effective evaluation design to accurately measure the impact of social programs. How do you effectively measure and prove the value a family derives from having their pre-school child enrolled in a Headstart Program? How can we prove that the growth and development of that child's life was affected solely by involvement in the educational aspects of program to X degree; that physical and mental growth was due to the health and nutrition program and emotional growth due to the impact of the required parental contact and involvement with the child in the program? Or that the mother of that child would not have been able to feel comfortable enough to leave that child and enter a training program, which lead to a stable job and resulted in her being able to remove herself and her family from the public assistance rolls? How does one effectively measure that process of evolution and development of that human being in terms of the impact of the Headstart program? And how do you measure the importance of the advocacy role of the Community Action Program in terms of helping her initially to understand that Headstart will serve her; or helping her to deal with the Department of Social Services worker who is not responding to her budgetary crisis; or the assistance afforded her in dealing with her slum landlord? And what weight do you apply to helping her find the proper assistance to help her assist her older child to cope with a behavior problem in the school; or the legal assistance she receives to deal with an unscrupulous creditor seeking to repossess furniture she has paid for three times over already? And what measurement do you give to the support and encouragement provided her when she questioned her ability to succeed in the training program? How do you measure these things? What is a fair dollar value? How do you prove that this person, now adjudged a "productive citizen," would not have done the same things without the assistance of the CAP?

I am forced to agree with a New York Sunday Times article which decries the inadequacy of evaluation tools available to the social scientist. I do contend, however, that, in spite of the adequacy of the tools, most evaluations of Community Action Programs have been favorable with identified weaknesses which were traceable, if anyone cared to look, back to the points I have made previously on pages 5 and 6 of this statement.

WHY MAKE THE POOR THE PAWNS?

When President Nixon first took office, he announced his disenchantment with the Community Action Programs and his intention to be rid of them. His big problem then was the fact that he viewed them as operating within the poverty communities as a kind of "parallel system of government," operating within the local elected governmental structure in the various communities as they pursued their advocacy role for the poor. Obviously, during his first term of office, he was unable to prove that position, as local governments helped him to understand the value of the CAAs as a buffer for they who toiled at the

local level. He also witnessed, during that first term, a growing strengthening of relationship, between the CAA and local government in response to a mandate imposed by his administration as another tactic to kill off the CAAs.

And now, of course, as his final onslaught, he has called the program "a dismal failure." On behalf of the CAAs in this country and the poor people we serve, I have submitted, as part of my statement, a copy of the latest evaluation performed by OEO on the effectiveness of the CAAs in 591 communities in the United States of America. This report, which was published in limited numbers in January.

The February 4th edition of the Washington Post reports that Mr. Phillips, the new Director of OEO, acting at the direction of the Office of Management and Budget, halted its distribution. We are submitting copies of this report to you as OEO's own testimony to the inaccuracy of Mr. Nixon's charge that CAAs have been a dismal failure, especially in relationship to his own mandated directions:

Please take the time now to review with me some parts of that report.

There is no need for me to review with you the public statements of the new Director of OEO, Mr. Howard Phillips. His sole task, as far as he is concerned, is to dismantle the federal government's only identifiable agency dedicated to the priority of the poor.

Gentlemen, if I do nothing else today, I must impress upon you the fact that while you are sitting here conducting these hearings, Mr. Phillips and the Administration have already implemented a plan of dismantlement of OEO. All OEO staff have been apportioned out to the various agencies and are merely awaiting the assigned phase-out and phase-in dates for them to leave the agency. Not only has the Administration frozen the second half of fiscal 1973 funds, but Mr. Phillips' first act upon assuming office was to take away the grant making authority from all of the Regional Offices and vest it in his office only. Further, Mr. Phillips has also instructed all Regional Offices that they are not to issue any grants to any grantee for any period longer than 30 days. Finally, he has rescinded all travel authority for all OEO employees and they have been instructed not to communicate in any positive way with any of the CAAs. Certainly his intentions are clear. His every action is calculated to accelerate the deterioration of the CAAs around the country.

If Congress does not take immediate action now, within a few months the CAAs will be dead, and there will be no agency left to relate to. We are requesting that you not allow the poor to be the pawns in your struggle with the Administration. We are asking you to champion the interests of the poor. We are specifically asking that you enjoin Mr. Phillips from taking any further action until Congress has made its decision. We are further asking that he be instructed to release the monies already appropriated for these programs for fiscal year 1973. Do not let the country succumb to world-wide disgrace as it turns its back on its poor.

The message being given to those of us who have been engaged in a holding action on behalf of this country in the War Against Poverty is that the United States of America will now withdraw without honor. As one of those persons who was engaged in this holding action, one of the most legitimate questions I can ask myself now is what can I do to make up to my people, poor people, and my children for having had such an important role in duping them into a sense of pending hope and relief. Just as I have been duped, surely you, too, have been duped.

I stand ready to take your directions and support whatever efforts you will undertake to see that the elimination of poverty is recognized as *THE* national priority for the United States of America in the beginning of this era of peace.

FM: Howard Phillip Acting Director Headquarters OEO Washington, D.C.:

TO: All regional directors OEO regions:

ATTN: All communications operators MSG to be acknowledged by teletype back to HQ COMMCENTER as soon as received by your station ET.

Effectively February 1, 1973, and until further notice, no travel or transportation, by blanket authorizations or otherwise, shall be authorized for any officer or employee of a regional office, including the regional director, without the prior approval of the Acting Director. Local travel may be approved by the regional director only within the immediate area of the regional office. Effectively Febru-

ary 1, 1973, and until further notice. Annual leave which has not yet been earned by the employee shall not be approved.

JANUARY 31, 1973.

Subj: Approval of obligation of funds to OEO grantees:

To: Deputy director, assistant directors, associate directors, regional directors, and other appropriate parties:

Effective this date, and until further notice, the authority to approve the obligation of funds for grants of assistance under the Economic Opportunity Act of 1964, as amended, if such assistance is administered by OEO, which approval authority was seen heretofore delegated by the director to the deputy director, to certain assistant directors, to certain associate directors, to regional directors, to regional legal services directors, and other parties, is withdrawn.

No such funds shall be obligated without the approval of the director.

Additional instructions will be issued as necessary.

HOWARD PHILLIPS, *Acting Director*.

JANUARY 31, 1973.

Subj: Funding instructions—II:

To: All allotment holders, headquarters and regions:

Effective this date and until further notice:

1. All headquarters and regional offices: Grants for which funding expired prior to COB, January 28, 1973, but for which funds were not released prior to COB, January 28, 1973, may be refunded for a period not to exceed February 28, 1973.

2. All headquarters and regional offices: Grants for which funding is to expire after COB, February 23, 1973, but for which were not released prior to COB, January 28, 1973, may be refunded for a period not to exceed thirty (30) calendar days from the date of expiration PR present funding.

3. All headquarters and regional offices: Grant for which funding is to expire after COB, February 28, 1973, but for which funds were not released prior to COB, January 28, 1973, are not to be refunded prior to COB, February 28, 1973, and are to be refunded thereafter only if all normal procedures and verifications are adhered to, consistent with the memorandum of this date, funding instructions-I, and with the memorandum of this date, approval of obligation of funds to OEO grantees.

4. Each grantee's spending should be held to a minimum and monthly levels are not to exceed average monthly expenditures reported during the last 12 months.

5. No new program or program components may be initiated and expenditures incurred for such by any grantee.

The acting director, OEO, shall retain the authority to waive these restrictions, in whole or in part, with respect to any particular grantee based upon particular circumstances.

Subj: Funding instructions—I

To: All allotment holders, headquarters and regions

Effective this date, and until further notice, no grantee may be funded for a period exceeding June 30, 1973.

This modifies previous guidances by establishing a date certain beyond which no grantee may be funded, and by amending the point of application from \$200,000 to applicability to all grantees.

This funding restriction is mandatory, rather than discretionary within available funds.

Additional instructions will be issued by the Office of the Controller as required.

C. Actions to secure outstanding performance awards will be suspended for the time being.

D. No new training authorization will be issued unless essential to the completion of previously agreed upon general programs.

HOWARD PHILLIPS, *Acting Director*.

JANUARY 31, 1973.

MEMORANDUM FOR ALL ASSISTANT, ASSOCIATE, AND REGIONAL DIRECTORS

From : Howard Phillips

Subj : OEO continuation of hiring and promotion freeze :

In his statement of December 11, 1972, the President froze all new civilian hirings and promotions by executive agencies, indicating that the freeze would be relaxed at the time of the transmittal to the Congress of the new budget only to the extent permitted by revised spending goals for fiscal year 1973.

The new budget, transmitted to Congress this date provides for the delegation to other executive agencies of most OEO programs for the termination of others, and for the dissolution of the agency at the end of the current fiscal year, June 30, 1973.

Consistent with the budget message and with the intent of the President to effectuate a necessary reassignment of executive agency functions, the freeze on hiring and promotions will be continued at OEO until further notice, effective this date.

Any exceptions will have to be approved on a case-by-case basis by the Office of the Director.

In addition, the following actions are necessary to assure an orderly transition :

A. Transfer of personnel among offices must have approval of the Office of the Director.

B. All positions currently vacant and those that become vacant revert to an agencywide pool, office ceiling allocations are correspondingly reduced.

[From the Washington Post, Feb. 4, 1973]

OEO CHIEF SAVORS SHUTDOWN

(By Lou Cannon)

The man who is to dismantle the Office of Economic Opportunity believes that OEO has undermined authority, challenged the family, promoted the welfare ethic and eroded democratic safeguards.

Howard Phillips, 32, acting director of the agency, is cheerfully looking forward to his task.

"I personally believe in what I'm going to be doing, so it's going to be a very easy job for me to do from that standpoint," Phillips said. "I'm not going to have any mental hangups or reservations and I'm just going to hope that I have the judgment and the skill to do it well."

The chief casualty of the dismantling—and the backbone of what Lyndon B. Johnson once called the "war on poverty"—are the 907 community action agencies scattered around the country.

The budget presented to Congress by President Nixon last week suggests that local communities may want to use revenue-sharing funds to keep the community action agencies going. Phillips has no doubt that many of them simply will be closed down, and that is all right with him.

Community action agencies, in Phillips' view, often have become "captives of their staffs" and "really representative of no one." He thinks that these programs and OEO itself have fostered "harmful illusions" about the nature of poverty.

"I think in many ways OEO has had negative impact," Phillips told The Washington Post in an hour-long interview. "When we spend public dollars, we have to decide not merely whether they're being spent effectively but whether there are some ways in which they've been harmful. And to the extent that we have promoted the welfare ethic out of OEO, to the extent that some people funded by us have advanced the notion that the main values of American life are without merit, then I think OEO has done a great disservice to this country. And unfortunately there have been a number of instances of that."

Phillips concedes that OEO has become a symbol for the poor, but he does not believe it a symbol that should be perpetuated.

"To me, OEO has come to symbolize a number of unfortunate things," Phillips said. "It's come to symbolize challenges to the importance of the family. It's come to symbolize the seeking of change beyond the ken of orderly democratic process. Boycotts and demonstrations and riots and so forth and so on may be legal. They shouldn't be subsidized by the federal government. And even if they're conducted privately, they tend to erode the kind of normal majoritarian democratic safeguards that are incident to the electoral process."

The destruction of community action agencies—whose representatives met in Washington last week and voted to raise a war chest of \$75,000 to fight the issue in Congress and the courts—comes at a time when an OEO evaluation of the agencies celebrated them for their effectiveness in mobilizing local resources "to help the poor become self-sufficient."

The evaluation, based on a study of 501 of the 907 agencies, found them working closely with local governments and making institutional changes of benefit to the poor.

"The total emerging picture of community action clearly shows that CAAs are rapidly becoming very positive forces in their communities that can play significant roles in helping communities rise to the challenges of revenue-sharing and other forms of government decentralization," the evaluation stated.

The biggest challenge to revenue sharing, as it has turned out, may be trying to stretch the money to pay for the community action agencies in communities that want to keep them.

The evaluation was published in limited numbers in January but Phillips, acting at the direction of the Office of Management and Budget, halted its distribution.

A number of employees nonetheless passed the survey around, and the document is likely to become a cornerstone of the political arguments made by community action representatives on Capitol Hill.

Many of the OEO agencies have an admittedly small constituency in Congress. But the community action agencies, in the views of their backers, have the potential for generating congressional support because they are scattered around the country and have local ties.

"Even where they're not popular, the city governments have used them as a buffer zone with poor people," says one OEO employee. "When they go the buffer goes too."

This is why such big-city mayors as Chicago's Richard Daley have protested the community action closedown. In the big cities, the community action agencies employ a heavy proportion of blacks and other racial minorities. In the rural South, community action agencies are sometimes a major employer.

Across the country, community action agencies employ 184,500 persons, half of whom were below the poverty line when they were hired. They make an average annual wage of \$5,200.

"There's very little chance that many of these people will be picked up by local government," said Wayne Kennedy, president of the National Council of OEO Unions. "Many of these people are poor people who are going to be forced back onto welfare."

In the eyes of Kennedy and other OEO activists, the closedown also will put pressure for jobs on the all-white construction unions. He says that AFL-CIO President George Meany "is not prepared to deal with this pressure."

The supporters of OEO see the closedown of the agency as an indication that the government, under the Nixon administration, has given up on the poor.

"Even when you earmark funds for the poor, it's unlikely that the money will get there," Kennedy said. "When you throw it into the general pot, there's no chance they will get it. What we're asking for in seeking the retention of the community action agencies is spending \$328 million on the poor, the equivalent of one lousy subsidy for a big corporation."

Kennedy's hope is that the Nixon administration will report a reorganization plan including OEO to Congress and that Congress will reject it. Even if this happens, however, it is questionable whether Congress can force a President to spend money on an agency that is part of the executive office of the President.

On the other hand, Congress will definitely have a say about the future of the OEO legal services program, which President Nixon maintains he wants to preserve in the form of a legal services corporation.

Last year, Congress substituted its own legal services corporation for the Presidents plan after both sides refused to compromise. Mr. Nixon promptly vetoed the bill.

This year, the administration has earmarked \$71.5 million for legal services and declared its intention to resubmit a bill to Congress. Phillips, who played an important role in the fight over the corporation last time, said the new bill hasn't been written yet.

When the legislation is submitted to Congress, probably in mid-February, the administration will have the whip hand. Legal services will have no home in OEO after the office is abolished July 1, and the administration, in effect, is saying to Congress: pass the President's bill if you want to keep legal services going.

Five Democratic senators nonetheless introduced their rival bill for a legal services corporation Friday and proposed appropriating \$171.5 million to fund it instead of the \$71.5 million requested by Mr. Nixon.

The main issues on legal services, however, are ideological rather than economic.

The President last year proposed a corporation that would be appointed entirely by him and that would restrict political activity and lobbying by the legal services lawyers as well as the type of legal actions that could be filed. The Democrats, led by Sen. Walter Mondale of Minnesota, Edward Kennedy of Massachusetts and Alan Cranston of California, responded with a board that would be appointed from a variety of sources and would impose few restrictions on attorneys.

The same kind of fight is brewing again.

Phillips says that legal services programs have in many cases served the objectives of the lawyers rather than of the clients. He gave this example:

"The way the legal services program is now structured, if a client comes in and says, 'Mr. Legal services attorney, I want a divorce, the attorney can say, 'Gee, I'm sorry. This week we're just suing the President, try us next week,' and the client doesn't have much choice. Similarly, if the attorney pursues a particular course of action and the client doesn't like it, there isn't much the client can do about it."

He also points to political and organizing activities conducted by lawyers who have tried to "politicize" and "radicalize" the poor and who spend a disproportionate amount of their time with anti-government test cases.

This picture of an OEO-sponsored legal services program which serves mainly as a battle station for harassing the establishment is contradicted by Theodore Tetzlaff, who heads the OEO legal services program.

He says that OEO attorneys have 1.2 million clients. These attorneys spend 42 per cent of their time on domestic relations programs, 18 per cent on consumer and job issues, 12 per cent on housing problems, 10 per cent on juvenile problems and most of the rest of their time on issues of veterans' benefits, welfare and Social Security.

"Less than one-half of 1 per cent of the time spent by the lawyers was in group representation or class actions," Tetzlaff said.

A similar conclusion was reached in November by William R. Klaus, chairman of the American Bar Association's Committee on Legal Aid, in a reply in the *ABA Journal* to criticisms of legal services made by Vice President Spiro T. Agnew.

"The professional record of legal services lawyers as a group has been exemplary," Klaus wrote. "This record, far from showing that these lawyers have been irresponsible or unresponsive to their clients' needs, shows that they have vigorously and in the preponderance of cases successfully represented their indigent clients."

Phillips would not agree.

"Legal services lawyers . . . have been organizing chapters of the National Welfare Rights Organization, they've been organizing chapters of the National Tenants Organization, they've been organizing United Farm Workers Unions around the country with taxpayers' funds," he said.

It is an open secret in the dying OEO that Phillips and Tetzlaff, 28, the office's legal services director, disagree on fundamental issues.

Tetzlaff is a staunch defender of legal services and wary of restrictions on the type of service an attorney can offer a poor client. He believes that good attorneys will be reluctant to work for any legal services programs unless they offer their clients the full range of actions that would be available to a paying client.

But Tetzlaff, who has been caught in a crossfire between Phillips and poverty-lawyer groups, also believes that local boards of attorneys should advise lawyers and even impose restrictions consistent with the canons of judicial ethics.

Too often, Tetzlaff said, a young attorney in a legal services program is like a doctor just out of medical school "asked to perform open heart surgery."

Another medical analogy, one that is far more critical of OEO attempts to limit legal service activity, is offered by Michael Bennett, administrator of California Rural Legal Assistance.

"Phillips apparently wants a legal services program with lawyers prohibited from using the traditional tools of their profession," Bennett said. "That's simply fraud. It would be like establishing a program of 'doctors for the poor' and prohibiting the doctors from prescribing anything but aspirin."

The "medicine" prescribed by Phillips last week for the entire OEO was strong.

Taking over as acting director at a time that job security fears were sweeping through the agency, Phillips ordered a flat ban on promotions, hiring and non-local travel. He also sent out an order limiting refunding of grants to a 30-day basis.

The limitation was an understandable one for programs which are being phased out or transferred. In the case of legal services, complains legal rights lobbyist Noel H. Klores, the action "simply amounts to harassment."

Phillips also distributed an explanation of the OEO phaseout which showed the work force reduced from 2,271 on June 30, 1972, to 1,500 this June 30. These 1,500 will be transferred to other agencies with more than half of them (834) going to the General Services Administration.

Of the declining OEO appropriation, \$33 million will be transferred to the General Services Administration for "liquidation activities."

This bluntly worded phrase and Phillips' actions in his first week as OEO acting director showed that the administration was wasting no time in bringing the war on poverty to its inconclusive end. No one could have been happier about it than Howard Phillips.

STATEMENT OF JOHN KEARSE, EXECUTIVE DIRECTOR, ECONOMIC OPPORTUNITY COMMISSION

Mr. KEARSE. Thank you, Congressman and members of the committee. I thought to have the opportunity to get into some indepth discussion around the faith in the future of OEO and the community action agencies.

I think one of the things I did want to bring to the subcommittee's attention this morning is the fact that while this committee is meeting, the new Director of OEO is very busily engaged in the task of dismantling that agency as we have known it.

I have supplied as part of my material some of the internal correspondence that he has been sending out to the various regional offices relating to mandates and directives which he has issued to these offices, which are geared only to acceleration and demise of community action agencies in the various local communities.

I need not refer to the kind of rhetoric which he has been using in the public media as it relates to the poor and the agency which he is now in charge of as a new Director. I think that what I felt was an urgent need to appear before this subcommittee, and request that you do several things.

No. 1, we are requesting that you not allow the poor to be the pawns in your struggle with the administration. We are asking you to champion the interests of the poor, and we are specifically asking that you enjoin Mr. Phillips from taking any further action until Congress has made its decision around the future of OEO.

We are further asking that he be instructed to release the moneys already appropriated for these programs for fiscal year 1973. We would also like to request that the Congress declare that the elimination of poverty in the United States in this decade of peace of the beginning of this peace era, be its No. 1 national priority.

I was the director of one of the local community action agencies, and I entered into this field because I felt that my training and my talents and my energies and my wife were needed if it were to be successful.

I have applied myself diligently to that task, awaiting the time when the country would be able to pick up on its commitment to the poor. And, of course, the first thing we get at the point where this opportunity would seem to be available to the country, is the President without question indicating that he is willing at this point to withdraw from what was never war on poverty, but from withholding action on poverty.

I personally feel and acknowledge the fact that I have been duped also, but most of all, I feel that the poor and the minority groups in this country and my son and daughter have been duped in terms of what the future may hold for them.

I think that we have come—and there are a number of us in Washington today, and we are trying to see as many Congressmen and Senators as we possibly can—we have come to offer an indication of our support for the Congress if it has the will to take the action necessary to champion the causes of the people of this country.

We are trying to visit both with friends and with known foes and those who may not have enough information in order to share with them some of the things that we are concerned about.

One of the things that we brought and entered as part of our testimony also was a utilization test survey data for the 591 CAA's, and, of course, this report, as I indicated in my statement, was suppressed by Mr. Phillips at the direction of the Office of Management and Budget almost immediately after the President's budget message was delivered.

The reason for that suppression is quite obvious when you review this report. The President declared that the community action agencies were a dismal failure. This report prepared by his Office at his direction under his guidance and according to new directions and mandates which he imposed upon the community action agencies as to how they should operate, stands and puts the lie to that statement.

This survey indicates that, in fact, the community action agencies and community action programs of this country have been very successful—not only have they been successful in assisting the poor with Federal funds, but they have also been successful in marshaling the resources of the community in a way which has enabled them to do an awful lot more than was intended that they be able to do with the kind of money that was being appropriated by Congress.

I would commend this report to your attention and study because it says things like:

Nevertheless, there is now emerging for the first time a national picture of community action achievements in terms of the basic mission emphasized by this administration.

It says:

Even at this early stage in the project, the picture clearly shows that the administration redirection of community action was on target. It is already producing highly constructive mission results in both urban and rural communities, and the trends indicate that continued efforts in that direction will produce substantially greater returns on a small investment.

It further goes on to state and recommend that the U.S. Government would do well to take the necessary action to encourage and support this kind of movement on the part of the CAA's at this time in terms of strengthening them and improving them, and certainly dismantlement of that agency is not the way in which this particular recommendation can be carried out.

At the time of our thinking about the need to do something before the Congress in terms of expressing our concerns, we were concerned with the continuation of OEO. We have had second thoughts as it relates to the continuation of OEO, particularly if OEO is to continue under the direction of the man who is now the Director of that agency.

What we would like to do is to modify our request to Congress and state that we maintain that there is a need for an agency within the Federal governmental structure which is dedicated to the priority of the elimination of poverty in this country, to be established outside of the Office of the President, an agency that is responsible to Congress and an agency that will have earmarked funds with which it is to carry out its mission.

In my report, in my statement I also allude to the fact that certain elements have continued to playing community action throughout its history, which in the normal course of any business or agency operation would have been taken into consideration in terms of the kinds of problems that CAA's were thought to have.

Of course, none of these seem to be applicable to the community action agency because they were not your normal kind of service agency in the community, nor were they your normal business structure in the community. But any business that is undercapitalized, undermanned, and constantly plagued with problems on an almost daily basis in terms of the crisis, is a program or a business slated to fail.

The poor, in their anxiety to demonstrate their ability to do something and to do something worthwhile in this struggle particularly as they look forward to the day when they would in fact become the No. 1 priority in this country, did not quite understand that they should fail, and there were significant successes that can be pointed to by all CAA's in this country and all of the people who were involved in that program.

Mr. Levitan referred to maximum feasible participation, and the upward mobility of the program was referred to by Mrs. Chisholm. And certainly these are some of the benefits that accrue to people who are involved in the program.

We wanted to also indicate that revenue sharing to the poor is a myth—special revenue sharing which is supposed to incorporate all of the categorical grants into a single body and be issued forth to the local municipalities and governments to be used at their discretion, and as they see fit at that level to address themselves to the problems of the poor constituents at all—in the eyes of the poor in many, many of our communities in this country.

Local communities are beset with problems in terms of management of their own cost of government. Nobody—very few, I should say, of those local officials—really know how much moneys they are receiving from the Federal Government at the present time, and when that sudden realization comes, the poor who have always been low priority, who will continue to be a low priority, and therefore, there will be no programs available to serve them in those local communities.

We did some research in the community in which we live, and we determined—and this is not really known at the present time to our local officials until we began telling them—we determined that our community of Nassau County, N.Y., receives a total of \$2,702,947,197 from the Federal Government in fiscal year 1972 from various sources.

The sum of \$1,569,309,000 represents moneys that they have acquired through defense contract, Department of Defense, because we are heavily aerospace area. But \$1.2 billion is coming from other sources within the Federal governmental structure.

When the impact or the threatened loss of that kind of income which is certainly holding up and sheering up most of the service structures in every area of human need is brought to bear on a county such as Nassau, where the residents are apparently decrying the high rate of property taxes, is the ability in resistance to increase public assistance allocations to the poor, we can pretty well predict and anticipate the kind of reaction that is going to take place.

We don't feel that we can afford to find ourselves at the mercy of those kinds of factors, factors which are beyond our control. We continue to feel that there is a need for the Federal Government—

Mr. HAWKINS. Mr. Kearse, at this point, what specifically do you anticipate as a result of this loss in income, and the discontinuance of these programs at the local level, realizing that antipoverty programs are not the only ones being cut, but that housing cutbacks are taking place at the same time, that aid to the disadvantaged minorities in elementary and secondary education, and other programs are also being cut. What can we anticipate, let's say, by June or July?

Mr. KEARSE. By June or July, I would expect that the impact of these cutbacks will have landed very heavily on the local jurisdiction. They will be faced with the task and the chore of trying to maintain a level of service, either in education, health or housing, subsidy building, et cetera, that they apparently are maintaining.

If, in fact, there are no longer any subsidies or grants with which to assist them in the performance of those tasks and those responsibilities, it means that they are going to have to dip into the general funds of the jurisdiction.

The major source of revenue in a community such as Nassau is the property tax. The property tax is an onerous kind of tax which falls heavily upon those who are property owners.

There is a sales tax and there are taxes that are levied at other local jurisdictions in terms of townships and villages, et cetera, but the basic source of revenue in those communities is the property tax.

What that means is that those taxes or that tax which is a regressive kind of tax, will automatically be the source to which they will have to look in order to just maintain the same levying of service that they are currently providing now to their constituents.

If they cannot get the community to accept the tax increase or if they feel that it is politically unwise to impose that kind of tax increase, the only things that is going to happen is that those services are then going to be cut down and cut back. What that means is that where there are not now sufficient services available, there will be even less services available to people.

Mr. HAWKINS. What do you think the impact on people will be who are denied these services? I think it is pretty obvious that a financial crisis is facing many areas, and I am sure that Nassau County

is no exception. The possibility of getting additional local funds through taxation is rather remote. Many of these programs will not be supported. In programs where individuals have been employed as paraprofessionals and otherwise, they will be out of jobs. The things that have been holding together communities such as this and others will be longer be available.

Do you anticipate that this may create serious tensions at local levels? Welfare obviously is not going to absorb this. We are already talking about violence and crime on the streets and yet we will have many more individuals on the streets who will have no faith in their Government as a result of these cuts.

I am just wondering what will individuals in positions such as the one that you and others occupy with the economic opportunity commission of your county, what do you anticipate that you can do, if anything?

Obviously, you yourself, I suppose, will be out of business as far as operating this agency.

Mr. KEARSE. I think another part of my statement alludes to the fact that when Mr. Nixon came into office, he made it clear that it was his intention to do away with the community action program. He considered it a sort of parliamentary governmental structure within the local elected governmental structure.

I think he was helped to be educated by the local officials who interpreted it to him that it was beneficial to those local elected officials for the programs to be there inasmuch as they acted as a buffer between them and many of the problems that existed in those communities.

And we feel, and we think that we have pretty good support from our local jurisdiction. We feel that we will probably survive as an entity, as an agency.

If that means that we will be able to conduct an administrative program of sorts without too much guts in it in terms of services, the agency could survive as an entity. The delivery of services, however, will be diminished by whatever degree it is being diminished because of the lack of funds.

The tensions that are already beginning to run high in many communities is something that I don't think that the President has considered. Further, I don't think that he really gives a damn about it, if you will excuse the expression.

It is the kind of thing that I allude to when I say that I have been duped and it is the kind of thing that many, many other black and minority group so-called leaders are saying as they recognize the fact that they have been used to perpetrate a hoax upon their people.

There is a growing discussion among us that if we had paid attention to history as to what brings about lasting change, that we would have been doing other kinds of things in this country and that perhaps the thing that we ought to begin to do now is that we ought to begin to try to pull together that kind of intelligency and apply it in that direction, as opposed to applying it to working within the system.

That is a very deep felt and honest statement. I came today because I am trying to continue to believe that there is a democratic government existing within the United States, and that I, as an American citizen, in spite of the fact that I am a black and a minority in this country, can expect that there will be an effort on the part of Government, a government such as the United States of America, who can do

anything in the world that it sets its mind to do, who finds endless resources to do those things with, who can acknowledge and accept gross errors and mistakes as long as they are pursuing the goal and objective, and the country that cannot withdraw from a war in dishonor, I do not believe that the country is willing to withdraw from the domestic war which is yet to be waged.

I frankly am coming and pursuing this route at this particular time looking for reassurance. I, as one of those people out there who have been in the forefront and in between, am looking for reassurance that ~~this country will pay its debt to my children~~ because they are the ones for whom I have worked and that this country will be a good place for my children to grow up and live in, and they will be treated with equality and respect, the same as anybody else, and that this country will, in fact, not bow down to what appears to be happening today.

I have brought to Washington about 3,000 people today, and they are walking around the Capitol, and they are within the Senate buildings and the House of Representatives, and they are talking to the Congressmen, and they are talking to Senators and they, too, are asking for the same kind of assurance.

I consider myself a responsible individual. I do believe in the system of government which I think had been making some studies toward becoming one which I could be personally proud of, and therefore, I am here today.

Mr. HAWKINS. Thank you, Mr. Kearsse.

Mr. Steiger?

Mr. STEIGER. Thank you, Mr. Chairman.

I am impressed by the statement that you have made. I think it is helpful to us and I appreciate very much the candor with which you make it.

There is one point that intrigues me a little bit about what you have said which is that portion of your statement that deals with whether or not you need an OEO particularly.

If I heard you correctly, you said you do not necessarily need that agency, that you think you need some agency within the Federal Government that has as its goal, in your words, I believe, the elimination of poverty.

I am somewhat concerned about whether the agency needs to have as its goal the elimination of poverty or did you not go far enough in saying that you do not have to have per se a headquarters OEO type of operation. At some point, are there not some fundamentals within the concept of community action participation by those involved, an effective mobilization of resources other than just the Federal resources?

Did you leave a part of it out, or are you saying only that it has to have as its function, the elimination of poverty?

Mr. KEARSE. I would like to read a statement that is being circulated at this particular time and it relates to a national commitment.

Mr. STEIGER. A statement by whom?

Mr. KEARSE. By the people who are with me today. It says:

In 1964 an Act of Congress recognized poverty by creating the Office of Economic Opportunity.

This priority was considered so important that it was placed in the Office of the President so that it would be given the personal care and attention that its importance demanded. The national commitment was never kept.

I do not want to read the entire thing, but, in effect, what I am saying is that—

Mr. STEIGER. Why not? I am sorry.

Mr. KEARSE. Well, I can and I will then.

The national commitment was never kept. While the war in Southeast Asia was funded at some \$60 billion to \$75 billion a year, the war on poverty was never funded at more than \$2½ billion a year.

In 1972, an Act of Congress provided for the continuation of the war on poverty. At the same time, it authorized continuing expenditures for this purpose, and even appropriated the funds. On January 28, 1973, the President of the United States requested and arranged for the end of the war on poverty, a dishonorable end because the battle has not been won, peace is nowhere in sight.

This is surely not in keeping with the stated policy of the United States. The policy of peace with honor surely in the accounts which have been committed to dismantle and disfund anti-poverty programs, the intent of Congress has been disregarded.

We request of all Congressmen and Senators that they examine fully the situation and take the position that the Office of Economic Opportunity must continue, that there must be one agency in Washington which will not only carry out a national commitment to eliminate poverty in the United States, but will insure that it is made the number one priority.

We specifically request that Congress insure the enforcement of the legislation that was enacted September 19, 1972, when they extended the Economic Opportunity Act, that they declare the elimination of poverty the number one priority of the Government of the United States, that in order to implement this goal, they insure funding which is earmarked and at a reasonable level to carry out the commitment of the war on poverty until an honorable peace has been won.

Now, much of that was extraneous to the question, I thought. But, I think that what I am saying is that the country owes the poor the dignity afforded by an Office of Economic Opportunity.

It served as the single agency within this Federal governmental structure that was established for the purpose of dealing with the problems of the poor.

I said that we would rather identify that now, because we do not think that the individual who is heading up that agency has the interest of the poor at heart, and therefore, it does not necessarily have to be an Office of Economic Opportunity, and that this individual is appointed by the President, but that it should be an agency outside of the structure or outside of the Office of the President which is answerable to, perhaps, Congress.

We feel that perhaps because the Congress is the same level of Government as the President, that once again, it will receive the personal care and attention that it requires to carry out its goal.

Mr. STEIGER. I appreciate your clarification on that issue. You did respond directly to my question.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you.

Mr. Benitez.

Mr. BENITEZ. I have no questions.

Mr. HAWKINS. Mr. Kearsse, may I ask you what specific directives you have received from the Office of Economic Opportunity since Mr. Phillips became the Acting Director? And, based on your knowledge of the Office of Economic Opportunity regulations as well as on the legislation, do you believe that these actions, or these directives, or the Director's actions in line with the directives, have been within the limits of the regulations as you know them?

Mr. KEARSE. I believe that, if I am understanding the legislation correctly, Congress specifically stated that neither community action, economic development and legal services should be transferred or in any way tampered with. I do not know how the exact language was stated, without its consultation and consent.

To me, what has been proposed and what is not in operation, what is well underway, is a clear disregard of that particular mandate by Congress to that agency.

Mr. Phillips has already identified the number of staff people at OEO who will be going to HEW, to HUD, to GSA, and I want to get back to GSA, and other Federal agencies, some of which are not too clear at the present time.

He has further mandated that the field representatives not be in touch with community action agencies, and field representatives are normally our contact point with regional offices for information, technical assistance, and so forth.

The mandate says, "in any positive or encouraging way." Mr. Phillips has also mandated, and I gave copies of some TWX's which I shared with the subcommittee, from Mr. Phillips to the regional offices, indicating that they could not issue any grants for any period in the excess of 30 days until further notice at the present time.

For instance, what I am trying to say is, everything is in motion to put this operation out of business by June 1973 in accordance with the zero budget that has been proposed for 1974.

None of the operations—or an operation such as mine, for instance, who will carry over into the new fiscal year—have been given any kind of indication that there will be time afforded for any orderly winddown of business.

What we have been told to get ready for is, in fact, that people who have been transferred to GSA have one specific task, and that task is to reclaim all of the Federal equipment which now exists in those community action agencies in the various local communities.

Funding on a 30-day basis can only mean chaos, panic, and anxiety in those community action agencies, and as people begin to worry more about themselves and their own fate, they begin to do less in terms of performing the task for which they are in business.

I fear that that will be a contributing factor to the rising tension in those communities we talked about.

Mr. HAWKINS. I want to thank you, Mr. Kearse for your very complete statement. I think you have made an excellent witness.

We do hope to explore deeply some of the illegality that has been involved in some of the actions which have taken place. The subcommittee will hear many other witnesses tomorrow, which I think will develop this thought. I am very glad to get your reaction to that question.

Mr. Benitez?

Mr. BENITEZ. I have no questions.

Mr. HAWKINS. The subcommittee stands adjourned until tomorrow morning, February 8, at 9:30 in this same room.

[Whereupon, at 12:35 p.m., the hearing adjourned, to reconvene at 9:30 a.m., February 8, 1973.]

PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

THURSDAY, FEBRUARY 8, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EQUAL OPPORTUNITIES
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 9:50 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Augustus F. Hawkins (chairman) presiding.

Present: Representatives Hawkins, Chisholm, and Benitez.

Also present: Hon. Carl D. Perkins, chairman of the full committee, and Hon. Frank Thompson, Jr.

Mr. HAWKINS. The Subcommittee on Equal Opportunities of the Committee on Education and Labor is now in session. The first witness we will have this morning is Dr. Deton J. Brooks, president, National Association for Community Development, Washington, D.C.

Dr. Brooks, you are not a stranger to this committee, and we are pleased to welcome you and look forward to hearing your views.

STATEMENT OF DR. DETON J. BROOKS, JR., PRESIDENT, NACD, WASHINGTON, D.C., ACCOMPANIED BY CLIFF INGRAM, SECRETARY-TREASURER, NACD, AND EXECUTIVE DIRECTOR, L.B.J. & C. DEVELOPMENT CORP., MONTEREY, TENN.; AND MARK WHITTAKER, EXECUTIVE DIRECTOR, ELK AND DUCK RIVERS COMMUNITY ACTION, PETERSBURG, TENN.

Dr. BROOKS. Thank you so much, Mr. Chairman.

The last time I appeared before this committee, I myself was what you call a CAP director and was heading up a community action program in Chicago. I have been promoted since then to the position of the Commissioner of the Department of Human Resources, but as you have so aptly said, sir, I am here in a capacity this morning as president of the National Association for Community Development.

I will be speaking, therefore, in the testimony which follows as the president of this voluntary organization, which is not only composed of professionals but also is composed of thousands and thousands of people over the country who have been interested in the welfare of the poor and are the poor, themselves.

Here let me introduce to you, sir, also with me this morning is the secretary-treasurer of the organization, Mr. Cliff Ingram, who is sitting to my right here. Whereas I come from one of the largest cities in the United States, Mr. Ingram comes from a very small area up in

the hills of Tennessee, a place called Monterey, Tenn. With Mr. Ingram is another rural director, Mr. Mark Whittaker, executive director of the Elk and Duck Rivers Community Action at Petersburg, Tenn.

I think having these gentlemen here with us this morning reinforces the kind of concept that this program has stood for and what it seems to me America has stood for all of these years, and that is that this problem of the poor is neither a white problem nor a black problem, as so many have tried to point out, or an Indian problem, nor an urban problem nor just a rural problem. It is a problem of all America.

For this particular reason, these gentlemen can bring to this committee, sir, as we talk and as we comment further, not only what they have seen in the larger areas of the country but what they have seen in the smaller areas of the country. As I have been living in large urban centers and working in large urban centers most of my life, believe me, sir, the problem also happens to be a large rural problem, because so many of the people who have come to the large urban areas have come there ill equipped from a number of the rural areas.

I used to say some years ago, before our high state of technology in this country, that there was what you might call the pullout; in other words, the association of commerce and industry tried to get a surplus labor force coming down from the hills of our more rural areas, at that particular time. As technology has changed, there has been the problem of the pushout, and certainly before the advent of these kinds of programs such as the OEO program, it was apparent that there was either the inability or the unwillingness of certain areas of our country in the rural areas to deal with those problems and to give these people the kind of support that they needed. I wanted to point that out, sir.

You have before you and will have before you a complete text of my remarks. So that the committee might have an opportunity to talk and to ask questions and for me to attempt to answer, and also for these other gentlemen to make their input, I will try the best I can, sir, to summarize what is in fact in this document and I would hope, sir, that it will be a sufficient summary for us to have a further inter-course about it.

Mr. HAWKINS. Dr. Brooks, your statement in its entirety will be entered into the record without objection at this point. You may proceed with your summary.

[The statement referred to follows:]

STATEMENT OF DR. DETON J. BROOKS, JR., PRESIDENT NACD, WASHINGTON, D.C.¹

My name is Deton J. Brooks, Jr., I am the commissioner of the Department of Human Resources for the city of Chicago. I was appointed to that position in early 1969 following the creation of the department. Prior to that time, between 1964 and 1969, I was the executive director of the Chicago Committee on Urban Opportunity, the Community Act Agency of the city's antipoverty program. I have been a board member of the National Association for Community Development since its earliest beginnings in 1965 and I have served as the association's president since December 1970.

In presenting the testimony which follows I will be speaking as the president of this voluntary association which is composed for the most part of administrators and workers in community action programs, but which also has organizations concerned for the future of domestic human services efforts.

¹ This presentation was made by Dr. Brooks, president of the National Association for Community Development, before the House Subcommittee on Equal Opportunity on February 8, 1973, Washington, D.C.

The founding purpose of the association was to enhance professional personnel, to assist communities in developing comprehensive human development programs, to support and strengthen the concept of community action, and to stimulate research in the areas of community development. The association has a membership of 5,000 men and women representing over 400 public and private community action agencies across the country.

In a vital sense NACD holds the pulse of the Nation's poor through its membership. It knows at first hand the tragic and harsh daily facts of poverty. A great number of these men and women themselves rose out of poverty to their present positions of leadership within their communities. My testimony represents the views of NACD, but in a real sense NACD speaks for the Nation's poor.

The leadership of NACD, its board of directors, and increasingly its rank and file membership, has been clearly aware of the lengthy preparation made by the administration to repress this Nation's federally funded human services programs. In particular we have observed over the past 3 years the mounting threat against the community action program central to the operation of the Office of Economic Opportunity.

During this time the association has unequivocally stated its position in public: No spinoff of programs related to community action's effectiveness; a national commitment to the continuation of the Office of Economic Opportunity as the only demonstrably effective model available for social change; and expansion of the community action program concept into every human services program area where strategies flexible to human needs and aspirations are required.

The association has made repeated efforts to inform the administration as to the worth of community action as a strategy for social change. Yet there must be grave doubts that the information ever reached the highest councils of the administration.

As long ago as February, 1971 NACD foresaw and warned the administration of the mistaken direction it was pursuing. At that time we wrote to Mr. Donald Rumsfeld, Counsellor to the President, concerning this issue of the future of community action and the interpretation of the original intent of the Office of Economic Opportunity. We knew that the community action program was under close scrutiny by the administration. Our position was that the concept of community action should be made an integral part of any strategy dealing with the problems of the poor. We based that position on the concrete accomplishments that the program had established throughout the country in over 900 communities. We did not denounce the administration's efforts to reorganize government nor its proposals for revenue sharing. The letter to Mr. Rumsfeld was in reply to a nationally televised interview he gave. The letter stated in part:

"We believe that if you reexamine the events surrounding the establishment of OEO, you will find that you have neglected to mention an important element. OEO was not merely to be an office concerned about the poor, but a broad strategem for intense involvement of communities in the solution of their problems through community action. In effect, the term, community action, became uniquely identified with the antipoverty effort.

"President Lyndon B. Johnson, in his message to Congress, March 16, 1964, said: "This program asks men and women throughout the country to prepare long-range plans for the attack on poverty in their own local communities. These are not plans prepared in Washington and imposed upon hundreds of different situations. They are based on the fact that local citizens best understand their own problems, and know best how to deal with those problems.

"Congressional intent was made clear in title II of the Economic Opportunity Act of 1964. It states that activities under title II were 'to provide stimulation and incentive for communities to mobilize their resources to combat poverty through community action programs developed, conducted and administered with the maximum feasible participation of the residents of the areas and members of the groups served * * *'

"Even the Green Amendment, passed 1967, did not lessen the importance of community action in the Office of Economic Opportunity. On the contrary, it reaffirmed and strengthened the ideas of local initiative.

"Unfortunately by this time, the national emphasis program had moved into the forefront of the antipoverty effort. Congress, encouraged by various special interest groups, had earmarked large sums for national emphasis programs eroding the vitality of these community action efforts.

"Our concern at this juncture is that the vitality of many good programs of benefit to our communities be eroded no further; and that the original concept

of OEO, so important to an understanding of these programs, be placed in proper perspective, large scale transplants, without adequate safeguards springing from community action, will, we are afraid, not return to OEO to where it started, but deprive it of its lifeblood.

"The concept of community action as expressed in the Economic Opportunity Act of 1961 is, in fact, harmonious with principles expressed by the President in his proposals to return power to the people. It would be a great tragedy if the experience of the past 5 years, with its mistakes and successes, were not drawn upon in developing this presidential objective: and if the intent of the 1964 EOA were misread at a juncture so crucial for future generations."

In this letter and in public for the past 3 years, as I have stated, the National Association for Community Development has sought to place the concept of Community Action within the broad context of strategies available for domestic programs.

The lesson of the sixties was clear: people want to have a hand in molding their personal destinies, the instruments to encourage their participation in human services programs answered that need. We have repeatedly stated that increased implementation of Community Action as that instrument is called for based on its past and present accomplishments. NACD views the continuation and the increase of Community Action as the most certain path this Nation can take to obtain the objectives of equal opportunity.

A retreat from this lesson of people participation goes counter to all we have learned over the past 40 years. It runs counter to the domestic leadership given the Nation by Congress and by past administrations. It runs counter to the will of the American people to live up to the highest ideals of our form of government.

Let me at this point quote in part from a report in the "New York Times" of February 4, 1973, written by Jack Rosenthal.

"Consider, for example, the budget's dismantling of the Office of Economic Opportunity—and, in particular, the total elimination of the Community Action program. This effort to stimulate employment, health and other services for the poor in 977 urban and rural communities has, for 7 years, been the keystone of OEO.

"Why bury the Community Action program? Three different budget sources gave three different, even contradictory, rationales, and the pinchpenny explanation won even greater currency late in the week with the disclosure that the administration had withheld an internal evaluation that judged the program to be "highly constructive."

We do not know what the reaction will be if millions of Americans are denied access to the participatory structure of programs such as Community Action. The reaction may be very costly indeed. Hopefully, it will not be on the level of the disturbances that wracked this Nation during the past decade.

The question is one of priorities. Is the future of 50 million poor and near-poor on a level of priority with foreign policy and the Defense Establishment? We believe that is the underlying question out of which our national domestic strategies should proceed.

NACD favors the stewardship of Federal Government over the ideals of our democracy, not over people. Government should seek those domestic strategies which increasingly bring more people into the social fabric. The programs attached to these strategies have the objective of bringing people increasingly into the socioeconomic mainstream of American life. The domestic role of Government is to hold open the doors of opportunity to all.

Who stands to lose if Community Action is allowed to collapse? Close to 45 percent of the Nation's poor are involved in the program or in related programs. CAP agencies give local government and residents the authority and responsibility to implement programs designed to combat the local causes and conditions of poverty. Through the agencies, close to \$1.5 billion in direct services reach the poor. According to OEO 1971 figures 83 percent of the poor are either women, children, or the elderly—in other words people who are caring for children or disabled relatives, people who are either too young or too old to hold jobs, people who are ill, disabled, or attending school. It will be the poor on welfare, those out of work and those in dead end jobs who will be hit hardest by the closing down of this program and of the others slated for either termination or cutback.

The impact of the budget's retreat from human priorities will hit every inhabited pocket of poverty across the Nation—whether it be inhabited by white, black, or Puerto Rican, native American Indian, or Chicano. It will

strike in small towns, as well as in the large cities. It will hit rural communities—fully half of the 900 plus Community Action agencies are located in rural communities.

It threatens to close down over 8,000 neighborhood centers which directly serve the Nation's poor through Community Action and through its related service programs. It will mark the end of a program which placed 20,000 farmworkers on jobs in 1971. In the same year through OEO sponsored programs 8,800 migrant and seasonal farmworkers earned high school equivalency degrees, and an additional 8,050 went on to college and to University. There are 68 Indian Community Action agencies which include tribal council funded to develop and manage programs for that long oppressed group. Threatened are 250 projects designed to meet the special social, economic, and health needs of the elderly. In 1971 there were 420 CAP agencies serving 600,000 youths through programs focused on drug abuse, vocational training, employment needs, police-youth relations, and small business ventures. There are 91 grants for manpower development at stake. Community Action agencies are funded for 71 public service careers programs. Without Community Action the housing services program will be ended; it provided tenant counseling, in the areas of fair housing and code enforcement. It helped the poor to obtain help in repairing their homes. The list could go on. This only skims the surface of the many activities which CAP agencies have undertaken in response to the stated needs of the poor in their communities.

By OEO's own internal evaluation we learn that Community Action agencies have been "very positive forces in their communities," according to the "New York Times" of February 8 the evaluation study shows no signs that localities in significant numbers judge the program to be against the best interests of their communities. In fact the report states that "municipal and county or local governments have been extremely supportive of Community Action programs, at least since 1968." The report goes on to state that the programs have not become, over the years of existence, bogged down by bureaucratic overgrowth. "According to the new evaluation, the local agencies have shown significant improvement in mobilizing outside resources. For the reporting agencies alone, the report said, 'it is significant to see a growth from \$115 million mobilized in 1968 to \$306 million in 1972.'"

NACD contends that the issues at stake in these machinations over the future of OEO and other programs runs counter to the entire thrust of four decades of bipartisan support given to social change in America. The programs developed out of a strong and progressive consensus moving toward social justice. Thus far no reason has been offered for their termination other than the need to save money. Yet, it is doubtful whether in the long run this action will save money and certainly it will not save the lives, the hopes, and the aspirations of the 8 million poor people presently involved in Community Action, nor will it save the millions of others benefiting from the other social programs threatened.

The social programs at stake here today were developed in response to one basic question: what good is it for people to have rights if they do not have the means to exercise those rights? The programs were developed to meet the needs of a society in which three out of four citizens live well and where the others—50 million in number—live either in poverty or on the edge of poverty, under-employed and scraping for survival.

The strategy of community action was originally chosen by the architects of OEO as a means to effectually replace the welfare approach of handing benefits down to people with the concept of a hand up. In its concept community action implements the town hall meeting tradition. In its workings it attracts the poor into full participation as citizens. The objective of the community action approach has been to bring the poor into the total fabric of our society's economic and social pattern.

The community action approach was not chosen only because of the accomplishments it had earlier recorded in more limited programs, nor because it offered a more hopeful alternative to the welfare system. It was chosen in great part because of the failure of cabinet level Federal departments to reach out to the poor effectively. OEO ended the fragmentation of social programs by centering the delivery of services around community action. No concrete evidence exists to show that the old line Federal agencies are reconstructed in terms of their priorities for the poor. There is not adequate evidence that they are either inclined or equipped to continue the activities of community action which reach out to the disadvantaged. Without implementing the community action approach

It is doubtful whether any means to reach out to people other than the already despised welfare approach can be expected. The membership of NACD seriously doubts that the American poor will gladly adjust to a return to this regressive and humiliating approach.

But perhaps most alarming is the timetable advanced by the administration for the dismantling of OEO and the implementation of special revenue sharing for community development. As you know the budget message speaks of providing localities the option of continuing community action programs through revenue sharing. But in actuality as things presently stand title 221 is voided, and OEO and its community action program are dead and buried. There is no assurance that Congress will pass the special revenue-sharing bill in which funding for community action might fail; the earliest we have been told that such funding would become effective would be July 1, 1974. For many communities a funding gap already exists, or will soon exist, covering the span of time between the near future and July 1974.

Was it realistic of administration sources to suggest that localities during this 6- to 18-month funding gap period carry community action programs with general revenue sharing funds? Competition by human services programs for these limited funds will have to take place against fierce local demands for physical improvements, for aid to schools and to mass transit, and for local property tax relief.

The board of directors of NACD is particularly pessimistic about the chances of the vast majority of community action programs surviving this period. The danger extends to both urban and rural areas--anywhere that already has problems obtaining funds to maintain basic services and facilities.

We have no guarantee that local government will be given alternative means to continue the programs. No plan has yet been offered by the administration. Meanwhile, action to dismantle OEO has begun and it is being carried out as swiftly as possible. Realistically speaking no option to maintain community action programs has been given to localities. Legislative concern for the future of community action must be quickly directed to this discrepancy.

If we look beyond the present crisis and take community action's survival for granted, there is still the question of the viability of form it will take as part of community development. No linkages into community development have been spelled out for either it, or for the related human services programs effected by the budget message.

Inherent in this timetable is a direct contradiction of the creative federalism it purportedly seeks to carry out. You cannot return the power to the people when you deprive them of programs to develop their minds and bodies so that they may understand and use that power; and in effect destroy the very structures which gave them a grassroots voice in this democracy.

Yet it would appear that the administration has sounded a Federal retreat on the needs of people, at a time, I might add when it should heed the needs of people more carefully than ever before. For we who have worked in the urban and rural communities of this Nation have witnessed the spread of social problems beyond the poverty boundaries drawn up only a few years ago.

Let me comment briefly on the scope of these needs as viewed nationally.

A look at recent census data for large cities indicates that 40 percent of the poor and near-poor may now live outside poverty boundaries; and that 40 percent of the Nation's unemployed lived outside these areas. There has been a 24.7 percent increase in the number of single parent families since 1960. To an increasing extent our marginally poor communities are expected to care for the mentally handicapped, the elderly, and the neglected child. The point I am making is that social and community change continues to spread throughout our urban, metropolitan areas, and that many of the problems identified with slums and the poor 10 years ago may now be identified also with the middle-class, with nonpoverty areas, yes, and even with our suburbs. In effect, there is a more pressing need today for community action than ever before as whole new population groups seek to be heard at the local and Federal level. NACD maintains that the administration--in its budget--has turned a deaf ear and a blind eye not only on the poor with their newly-won hopes and economic status, but on the middle classes with their newly developing needs and frustrations which cry for recognition.

There is no reason for the United States to retreat on the issues of improving the quality of life, nor in vigorously extending equal opportunity to all. Six years ago I spoke before the Brookings Institute on this issue in the context of "manpower: an instrument for social change." With your permission, Mr. Chairman, I would like to enter the text of that presentation into the record of these pro-

ceedings. In summary that talk focused on our Nation's having reached a level of productivity and technological sophistication which made it feasible to consider a more human manpower policy. The talk outlined the cooperative approach we had utilized in Chicago to involve business, industry, government, community groups and people of all backgrounds and interests in a concept of work which both employed people's talents in more meaningful ways and also satisfied their private needs by making the job fit the person. The presentation reflects the optimism we all knew during the years when community action was considered as central to the operations of the Office of Economic Opportunity. Through community action we could see the possibility and value of discussing more humane shifts in the use of the Nation's work force. —

Community action today can provide us with new insights into the problems of human development in areas of health, education, and welfare. It can provide the bridge we must possess to span the gap between human resource programming and true community and neighborhood development.

America still has the potential, both physically and spiritually, to realize the great ideals our Nation was founded upon. Why should we now retreat from a path which would lead us to greatness on the national as well as on the international scene? More directly to the issue, will the legislative branch of government stand idly by to witness the destruction of those programs for social change by which it and earlier administrations distinguished themselves in creating?

Today, more than a strategy which works is at stake. In moving against OEO and Community Action the administration seeks to destroy the heart of every related human services program. Have we learned nothing over the past 40 years? The budget proposes no new human services programs, those programs it spares will receive no significant funding increases. The need for a national priority on behalf of people—all the people—as well as attention to the problems of crime, safety, and family stability are largely ignored. To where are we being led by this administration? Let us act to keep intact what has worked. Save OEO, save Community Action. The future prosperity of this Nation is inextricably bound to the resolution of this situation.

Dr. Brooks. Also, I want to introduce two documents into the record, with your permission, sir. One is a statement on manpower that I made several years ago, "Manpower: An Instrument for Social Change," which was made before the Brookings Institute 5 or 6 years ago.

Mr. HAWKINS. Without objection, it is so ordered.

[The document referred to follows:]

MANPOWER: AN INSTRUMENT FOR SOCIAL CHANGE

At 8 a.m. this morning, on the 16th day of November 1967, the population of the United States of America reached 190,982,503. This represents an increase of 21,618,267 persons in the 7 short years since 1960 when the last official census revealed that this country was inhabited by 178,464,236 people * * * and 4 days from now, on November 20, at 11 a.m., the population will total 200 million.

In a great measure, this increase has proved to be a blessing, for it has created a healthy demand for more goods and services, thus providing more jobs and a standard of living without parallel. It has helped to increase the industrial and commercial strength of the country, and has been a prime factor in making possible the longest continuous upward trend in the total economy that this or any other nation has ever experienced.

From an overall view, the American Nation is strong, vigorous, healthy, and affluent.

The United States produces some 42 percent of goods and services in the non-Communist world * * * the Gross National Product will reach \$1 trillion before 1975 * * * our technology constantly provides new breakthroughs which improve our living conditions * * * and employment is at an alltime high.

Generally, the American people live on an economic and social plane unparalleled in the history of civilization. In most areas—especially in progressive urban areas—even those citizens who are considered to be at the bottom of the economic scale need to fear the threat of malnutrition * * * and they have access to some kind of housing and health services.

In contrast, consider those countries where there is complete economic and social dislocation, where people are living in the streets and dying of starvation.

India, for example. In its present state, it would be impossible to define for that nation a comprehensive manpower policy of the type that is now feasible in the United States.

What makes the difference? The difference lies in the fact that the United States has achieved a degree of technological sophistication and productive efficiency which has completely changed the manpower requirements of the country. It is possible in the United States today to realistically talk of human use of human beings—and to shape a manpower policy around this concept.

Here, in the United States, we can address ourselves to a comprehensive manpower policy which optimizes the creative potential of the people of the country in terms of the continuous socioeconomic development of the Nation's total resources.

In defining manpower today, it is possible to pose a far greater question than was possible in the past. It is now possible to ask: "How can the productive energies and potential of more than 200 million people be generated to further the development of the total society?"

We are able to postulate that question because our technology and our productive capacity have created the socioeconomic climate that makes it possible to support this concept.

No longer do we have to consider human beings only in terms of their capacity to feed the industrial maw. Instead, we can consider them in terms of their own potential, and in terms of harnessing that full potential for the benefit of the total society.

Let us briefly review certain aspects of our economic development which supports this thesis. For ages, through the middle of the 19th century, even in our own country, productive capacity was based on the toil of slaves. Whether the system was moral or immoral, the fact remained that machines had not been developed which would make degrading human exploitation unnecessary.

Even after developing technology obsoleted slavery, our embryo industrial complex demanded a constellation of human duties which precluded human use of human beings, except for only a selected few.

Gradually, over the years, we have seen a phenomenon develop. As technology has increased, productivity has increased, but even as this has happened, the industrial complex has been less demanding on human beings. Working hours have lessened; the dependency on human labor has decreased; and with the burst of scientific knowledge of the past two decades, we approach an era where work and leisure can be component ingredients of the life of every man and woman.

Thus, the very nature of society today demands a relook and reevaluation of our manpower policy in terms of the realities of modern society. No longer can manpower policy be defined in terms of industrial needs alone, for it is a fact that all of the people of this great Nation can be housed, fed, and clothed under our private economic system with only a fraction of the human input required in the past.

Thus, a new definition of manpower policy can now take this reality into consideration. It can be broad enough not only to consider the needs of production, but its less demanding human role in production makes it possible—almost imperative—that the needs of human beings be considered in that definition.

— This manpower policy is inextricably interwoven with social policy; for the minute one begins to talk of human welfare, one leaves the pure phenomena of the marketplace and begins to give consideration to factors other than purely economic ones.

These are the considerations which have caused me to cast a definition of manpower in the mold I have described, if the objective of a manpower policy is to make each individual of society a productive member of that society, commensurate with his potential.

If we truly believe that by doing this we make for an even stronger society, then to accomplish this objective we must not only take a look at the individuals who make up that society, but we must also take a look at the society itself. We must discern the structural deficiencies of that society which handicap our effort to achieve the objectives of our manpower policy.

Thus, a manpower policy designed to release the creativity of all human beings must of necessity have a built-in strategy to modify institutions and environments which limit our ability to attain these objectives.

A strategy of social change is inherent, therefore, in today's manpower strategy.

It is within this context, then, that I would like to consider the manpower problem in our urban areas and to suggest some methods of dealing with that problem.

Some 80 percent of the people who live in our urban areas are fully involved in the total life of society, but it is still a fact that technological and social advances have brought about grave dislocation for the other 20 percent.

They do not share in the wealth of economic, social, and cultural advantages of the Nation. In short, they exist in a subculture of disadvantage, alienated from the mainstream of society.

In a study of urban disadvantage which we conducted in the city of Chicago, we uncovered the following factors which contribute to social and economic dislocation.

We examined the social climate and found at that time approximately 700,000 persons whose income level placed them in the poverty class—40 percent of those persons were receiving some form of public assistance. In addition, we learned that children under 18 represented 53.1 percent of the city's poor, 85 percent of the families were headed by women, and 31.4 percent were headed by persons 65 years and older.

Our survey of the economic climate showed that the city's overall unemployment rate was approximately 3 percent, but we also found that in some areas the unemployment rate among non-public-assistance residents was well over 30 percent, and there were approximately 40,000 young people in the 16-to-21 age group who were out of school and out of work.

They were concentrated in 24 communities within the city of Chicago. These areas contained 40.5 percent of the city's population, though not all were poor; but 68 percent of all poor families lived in these congested areas, and so did 90 percent of all public aid recipients, 48 percent of all adults with education no higher than the eighth grade, and 67 percent of all male juvenile delinquents. Another important fact was that these 24 communities contained 85 percent of all substandard housing in Chicago.

Jobs alone cannot solve the problem of the urban poor nor of the estimated 80 million Americans who crowd the relief rolls or try to subsist on the \$3,100 a year (for a family of four) which has been called the poverty level.

When we speak in terms of merely getting a person a job, we are talking about employment in much the same context in which it has been regarded throughout history.

However, once we move away from the concept of employment as human fodder to feed into the industrial complex . . . the minute we move from that to a manpower concept which includes in its definition the total utilization of the human resources of society, we will have moved 180 degrees in our thinking and our practices. Thus, the consideration of human being and their potential becomes the prime objective of that policy. He must be raised to the level of adaptability.

In taking under consideration the fact that manpower policy can—and should—be used as an instrument for social change, we cannot separate the human element from the technological change or the industrial need.

The human being, of course, needs education, training, and competence. His health is a factor in his ability to get and hold a job—and so is his environment.

Therefore, we are talking about people . . . we are talking about the Negro who is gradually becoming the major human component of the inner city . . . we are talking about the Spanish-speaking residents . . . we are talking about the whites of Appalachia . . . we are talking about the 10,000 American Indians in Chicago . . . we are talking about every race and every color.

Not only that, we are talking also about members of minority groups who have acquired the necessary education and training, but whose potential has been diminished and violated by the socio-economic forces against which they must contend.

Let there be no mistake—jobs are available. A recent report on job openings in the Chicago area revealed that more than 60 percent of the openings reported to State employment offices in the area had been on file for more than a month. The report listed 18,707 vacancies, of which only 2,880 were for professional, technical or managerial employees. The report concluded by stating that a large percentage of these lower-level jobs had been available for more than 30 days.

Why, then, are so many people unemployed in the city of Chicago? There are several factors, most of which were listed in our study of the syndrome of dis-

advantage as it affects Chicagoans. These include lack of education and training, health, welfare, family status, and crime rates.

Yet, in probing the question of available jobs and the lack of people to fill them, several other factors must be taken into consideration. Among them are proximity, social barriers, transportation and housing.

First, consider the fact that most of the 18,707 job openings were not located within the city of Chicago, but in the suburbs and outlying areas. The movement of industry away from the city has deprived it of its major labor source which is still located within the city. In May, the Bureau of Labor Statistics reported that between 1960 and 1965, more than half of industrial construction permits were for plants outside the central city.

Since most people below the professional or highly-skilled level cannot afford to live in the suburbs, this industrial shift creates a problem of transportation.

For the majority of persons who live in the suburbs and commute to the city, this poses little or no problem. But, for the worker from the inner city who must travel the other way, the situation is reversed. During the morning rush hours, trains, buses and other public transportation converge on the city; at the end of the day, traffic flows the other way . . . and the person who commutes into the city can usually afford the price of commuting.

Not so for the average inner city worker. If he must travel to the outer ring to earn his living, he usually spends far more in time and money simply getting back and forth to his job.

A recent study by the Chicago committee on urban opportunity showed further evidence that when a calculation is made on the basis of the time a lower-income worker puts in getting to and from his job and the cost of transportation (which in some instances runs higher than \$70 a month)—the actual realization of usable income drops from \$2.00 an hour to \$1.00 an hour.

Many local communities are taking the initiative in bringing about needed changes. For instance, in Weston, Ill., when the Illinois State Legislature failed to pass an open housing law—the lack of which threatened the acquisition of a huge industrial and scientific complex in that city—the municipal government decreed that any person would have access to the housing of his choice within the community, regardless of race or origin.

This local decision won for Weston the world's largest atomic accelerator. A contrasting example involved the move of Fifth Army Headquarters from the south side of Chicago to Fort Sheridan, Ill. Housing discrimination against minority groups in the new setting led many of them to abandon positions they had held for years.

The experience of Weston, Ill., provides a fitting example of the type of local action which can make it possible for a person to have easy access to a point of employment simply by being able to live closer to the job.

A totally comprehensive manpower concept requires educational and legal processes, including laws, to break down the social obstructions and provide members of minority groups access to communities outside the inner city core, to which they are now mostly confined.

Transportation is as essential for the person leaving the city to work as it is for the person coming into the city. Industry could help solve this problem by providing subsidized transportation from certain points.

One of the major limiting factors which prohibits the full utilization of our total manpower assets is health. Let me quote from a recent manpower report entitled, "Joblessness in urban slums," issued earlier this year by the U.S. Department of Labor:

"Health problems are more widespread and health standards much lower in slum areas than in more affluent sections of cities and the country generally. How much of the subemployment of slum residents is traceable to chronic health problems and disabilities cannot be estimated precisely, but probably around 10 to 20 percent of the individuals involved have such problems.

"Of the slum residents who were jobless and seeking work, 6 percent considered health problems the main reason for their unemployment. And the proportion of men with disabilities so great that they are unable to work is much higher in poverty than nonpoverty areas.

"Undoubtedly the overcrowded housing and poor physical environment of the slums (that is, the presence of refuse and rats) contribute to these and other differences in disease rates. The poverty of the average resident also limits his diet and makes him unable to pay for adequate health services. And despite the high incidence of illness and disability among them, slum residents conspicuously lack adequate medical services and hospital facilities, public or private."

Diagnostic and treatment facilities are a necessity in bringing an end to the waste of human potential because of the lack of medical care; and those who are kept from full productivity because of physical illness should have available resources for rehabilitation.

One other inhibiting factor in achieving a comprehensive manpower policy is the problem of day care for young children. Unfortunately, a vast number of households in the inner city are headed by women, many of whom could—and would—work if adequate facilities were available for the care of their children.

This is a problem to which government—municipal, State and Federal—must address itself, establishing day care centers in the inner city and staffing them with competent, child-oriented personnel.

The problems of that 20 percent of our urban population can be solved through the application of the technological advances we have made in the past 2 decades; but those problems must be approached at every level of the total socioeconomic structure.

Industry must realize that in order to operate, it needs a readily available manpower pool from which to draw * * * and it must be equally aware of the fact that when it moves from urban areas to suburban sites, it automatically decreases the source of manpower which is available.

With the rapid expansion of the geographical areas of our metropolitan communities, it is folly to deny a person the right to live close to his job, to provide swift and reasonably priced transportation for those who must travel considerable distances between home and job.

But it means more than this, for we are faced with the problem of rebuilding the inner city as a place where any citizen may have access to all the advantages that society has to offer.

The city and the suburb must become an entity, each perhaps retaining its own autonomy, but working together in the realization that each reaps benefits from the profits of the other.

Again, industry, which spends hundreds of millions of dollars advertising for personnel, should allot some portion of that money to train people for the jobs that go begging for months.

Nor should any segment of the populace neglect its role in helping to alleviate some of the problems of inner city schools, about which we talk so much and do so little. If there is any one area in which we should all be united, it is in the realm of education and training, for this problem lies at the core of an enlightened manpower policy.

In discussing the problem of manpower and how it can bring about needed social changes, it has been necessary to stress the role of industry in helping to develop a manpower policy which envisions utilization of full potential of the Nation's human resources.

But, it is not industry's job alone. In fact, in our complex society, it would be impossible for industry to accomplish this task without help from the public sector and the general populace. For this problem involves not only people and their jobs * * * It involves people with people.

A policy of unilateral confrontation of the problem by either Government, industry, private organizations or any single group is a policy doomed to failure * * * and a policy of superficial cooperation between all groups, each concerned primarily with its own narrow aims would be even more disastrous.

Government must use its powers to halt discriminatory practices by which the people are relegated to locales, jobs, and salaries which make it virtually impossible for them to utilize their full potentials for the good of all.

States, cities and other local branches of government should lend their weight to legitimate efforts to make sure that any American can work where he is best qualified, and that in pursuing his occupation he has full protection of the law in living in peace on the job at home—wherever he may decide to live.

Some private groups need to reexamine their policies to see how they can implement a program of peaceful social change. They can bring young people in off the streets to establish agencies * * * they can become allied with these same youngsters in helping them acquire the skills necessary to compete in the total society * * * they can join with other groups and find a common ground for joint action around the problems that confront all of us.

These are the principles which were built into the antipoverty program in Chicago * * * and since that program began, the concept has been enlarged, modified and restructured so that today, in Chicago, the war against the waste of human potential receives increasing support from both the public and private

sectors—from labor, government, business, religious organizations, community groups, educational institutions, public agencies and private citizens.

Yet, through a system designed to treat the whole person and his environment at the same time, we have managed—as far as our resources will allow—to bring about a marriage of most services under one roof. In short, we do not merely attack symptoms—we seek to eliminate the entire syndrome of disadvantage.

More than 80 percent of the visits made to Chicago's neighborhood centers operated by the antipoverty program involve some aspect of manpower.

These individuals then enter a series of processes calculated to determine and develop their true potential. These processes involve testing, counseling, job placement, on-the-job training, followup, family services and environmental services.

As a result, Chicago has achieved an encouraging degree of success in rescuing human beings from the waste heap of society. It has accomplished this by considering all the factors which limit the individual in the effort to develop his full potential.

Today's technology has succeeded in solving the problem of production, and given us the opportunity to focus on a comprehensive manpower policy—a policy which maximizes the potential of all members of our society.

To the extent that this potential is lost, society is injured, its efficiency impaired, and its development retarded. We must continue our technological, scientific, commercial and industrial progress—but we must use that progress as a means to bring about the fullest possible development of the human potential at all levels.

Consequently, our institutions of education must be modified * * * communication between all forces in the socio-economic structure must be strengthened * * * the 20 percent of the population caught in the syndrome of disadvantage must be brought into the mainstream of our society, all our institutions must be reexamined and reinforced.

When we talk about a virile and healthy economy, we are talking about social change—for in every society where social instability is rampant, the economic factor has been one of the major contributing causes.

Old concepts of manpower—concepts which left the human being at the mercy of the boom-and-bust theory—must be discarded. A new approach is needed, and we are stating today that such an approach must consider the human element as the primary factor in a total manpower system—and that the potential of every member of our society be developed to the greatest extent possible.

Only when this has been achieved will America itself have realized its full potential.

Dr. Brooks. The other is "Utilization Test Survey Data for 591 Community Action Programs," sir.

Mr. Hawkins. That document has already been entered in the record. We will just make reference to that at this point (see p. 40).

Dr. Brooks. Very good, sir. Some of the key points that it seems to me that have been salient, let me go back to where we came from, because I think it is extremely important. Some of us, long before the OEO program was ever enunciated, one of the finest gentlemen I know that I worked under at that time, Raymond Hilliard, commissioner of welfare of New York City, and I went back and worked with him when he was at Cook County, and he used to say: "Jack, this country has worked excellently and very well for about 70 to 75 percent of the people of the country. Can we make it work for all of the people of the country?"

It seemed to me that as we entered the whole era and without all of the discussion around the development of the OEO program and what-have-you, this in essence was a great challenge that was brought forth in the program at the time that it was enunciated, when the Economic Opportunity Act was at that time being developed, being formulated and finally put on the books.

The program alone, and I want to emphasize this, sir, did not come up as a welfare program. It came up as a program, and some of us

had an opportunity to talk to the committees at the time of the hearings even then, and to work with the task force that was developing the program. The challenge at that time was to see if we could make our institutions more sensitive to change that might take place.

No. 2, the studies that I had done and others had done, a study called "The Blackboard Curtain," in which I was attempting to find what some of the causes of dependency were. We came up with one thing that again pointed out, back in 1959 and 1960, one thing that stood out definitely, that no program in this country could work for the people of the country, it had to work with the people of the country; that you could lay out money, just lay it out along this particular line, but the people had no way of participating in the decisionmaking.

The fight that took place for a number of years even within the framework of community action during the period of time was not essentially a different concept. It was only the problem of how best this whole question of participation could be implemented along that particular way.

The question was that all of us, whether we came from the large cities or whether we came from small communities, knew then that people had to be involved in their destiny and in the involvement of this. This did not mean a breakdown of our social structure. It is true that there were some people, some people in the structures of society, that looked on this as something of a danger.

But I would like to submit to you if you look over the record of the last 10 years, in no country in the world has there been evolutionary perceptible change taking place in some institutions that has taken place in this last 10 years and taken place in such a way that society in general, the fabric of society in general, has not been disturbed.

One or two examples. Let's take the problem of operation of the children's preschool program, or Headstart. We started one of those programs prior to the time it became Headstart. When I went back to Chicago, when I was on the staff of Columbia in New York City, a person without a degree could not work in the school system in Chicago to take a child to the toilet if he did not have a degree. They wanted you to have a master's degree. It didn't take a master's degree to take a little tot out of a classroom and take him to the toilet but somebody on a lower level than that could do it and, No. 1, it had a practical effect. It could cut down the expense of organization in our school system, and on the other hand, it could also benefit the people working in the community along this particular line and give them an opportunity for employment, for productive employment. This was done in the Operation Headstart program. I believe you had a factor of 1 to 7.

But the essential thing is that the school systems, after we beat them over the head all over the country, came to the conclusion that, yes, somebody could do it. Consequently, nomenclature of a job developed, and that is teacher aides, and now I think it is generally accepted over the country that somebody besides very highly educated "master teachers" could take a child to the toilet. I think this is what I mean about perceptible change within the framework of an institution.

I think again this study that we have referred to, the survey, points out very definitely the fact that through the marshaling of forces within the framework of the community, you could bring to bear by some seed money all other kinds of resources and institutions to work on the problem. Certainly this has been the history in a number of the urban centers, and I am sure that Mr. Ingram and Mr. Whittaker will comment on it in terms of the rural areas of the country.

We actually took very little money. I will never forget in our own city, sir, where the community fund, which had never in the past allocated money, set up a priority system in which it said that an organization which was involved in the antipoverty program, the "Y", Boy Scouts, and others, would get priority in terms of money, this would give them seed money to expand this kind of thing along that line.

So consequently, this is another one of the things which have occurred by the program.

I shan't dwell too much on the problem of the successes or failures, because again this is a question of the way you look at the problem. We would say, sir, if you look at this evaluation and study it, that the objectives even of this administration in terms of the program have been executed, or they say that they have been executed fairly well.

I have studies which have been made by the general assistance office which indicated that the program had done in a number of areas of the country very well. Certainly we make no statement that there have not been some failures, but anything which is innovative, sir, there would be failures involved in that innovation. But certainly it would seem that the failures that have been made would have to be weighed against the tremendous successes which have been there, and on the level of this, sir, I would believe that you would find that the programs have been worthwhile.

One other essential point. I think that this is one of the most critical issues at stake right today. Certainly there is no need, sir, to get into a controversy at this particular point on theories of general revenue sharing and special revenue sharing over and against earmarked programs along the line.

Certainly I was one of those, as you know, in appearing before this subcommittee, that felt that communities had to have what I call breathing space for some self-determination as to what went into programs, and we did not need the Federal presence always looking over our shoulder to cross every "t" and dot every "i."

This did not mean, however, as we viewed the program that you should not have what you might call creative federalism. It is almost unthinkable to me, sir, that the welfare of the people of this country is not only of local concern but it has to be of national concern. Those of us who have been around some time, sir, find examples replete where the national concern, where the national problems or national efforts in this country were endangered because of the fact there had not been in the field of education or health a national concern about it and to the extent it was necessary.

I won't forget even as far back as World War II, when a number of boys were being drafted from some of what we call the "less privileged" States, a great number of them on lower levels had to be

turned down because of their bad health on the one hand or because they could not write or read well enough to read the instructions that the Army or Navy was putting out to help them learn to fire a gun.

I would submit, sir, that there is a national concern even in the matter of defense in the vitality of the citizenry of the country. I submit that I cannot see how that the Federal presence would not be concerned in these areas.

Third, sir, along this particular line, and this is the grave danger, here is a program like the Community Action program, that is being phased out at this particular moment, phased out after this august body of Congress only 3 or 4 months ago passed an authorization bill in which they authorized the continuation of this program for 2 years, and in which the President of the country signed this authorization bill, and at this particular time, by the statements and by the actions which are being taken, this program is being summarily, not orderly but in a summary way, phased out.

If you had a chance, sir, any of you, to see the chaos which is taking place around the country. I sat in a meeting the other day in one of the regional offices. By freezing the regional programs in the offices and by telling the staffs that they have no further responsibility at this particular moment, directors of the agencies—and I have a long list of them that I brought with me—I am saying to the Director, "If you won't tell your regional staff what to do and how to function, we have a right as representatives of the poor of this country to understand what you are doing, and what you are doing to phase out." I am sending him a telegram to that effect today and I will report back to let you know whether we were shown the courtesy of an answer and whether a request to sit down is there.

One of the problems therefore involved is the question of continuity. Here is a question that on the one hand no proposals have been made as yet other than the general proposal that there would be for special revenue sharing, and that would be taken up by the Congress, considered by the Congress. But the fact of the matter is that at the earliest, this could go into effect around July 1974, I believe, would be about the earliest, or even on an emergency basis even a little earlier. The question is at this time what Congress will do with that legislation.

In the meantime, sir, there is this gap and in fact they are phasing out now ~~a program~~, and at the same time, the remedies as they see it, whether we agree with those remedies or not, none of us have had a chance to look at it and see.

Certainly, the right to try new techniques is unquestioned, sir, but Congress has not had a chance to consider it, and it would be like stopping the use of certain kinds of weapons in a war that we had found had become slightly outmoded, because we thought they were outmoded because we had something on the drafting board. This would be unthinkable, sir.

In World War II we certainly did not pull out traditional guns, traditional types of weaponry along that line because we had the Manhattan project on the draft board. We waited until that project had been completed, until it was perfected and tested, before we threw out—or didn't even throw out then—but until we superimposed that kind of weaponry on what we already had, and of course then when it proved effective that was a different story, sir.

Consequently, the problems of continuity is a very important one. I think, sir, there are other things that are extremely important. One could look at American society and its people in terms of what might be the hopes and aspirations of the people. I for one, sir, feel that the poorest person in this country should have an opportunity and a chance, because I believe that has been the vitality of this society. If we freeze this off, sir, then we become a static society.

You can look at it two ways. In other words, if these people are not taken within the framework of society, not fused in, if our institutions are not sensitive to the needs of all of the people of this country—yes, the innercity child as well as some of the other children outside in the suburbs, sir; yes, the rural child that comes from a depressed area in areas of the country, and they are not alone in the South.

The other day I talked with a gentleman who comes from a nine-county area in central Michigan and they are all white, sir, and he told me that they had a 25-percent unemployment rate and now it is down to the magnificent amount of 10 percent, in that particular rural area at this particular time.

We may have only a 5.3—only, sir, a 5.3-employment rate in the country, but I am certain that if you were to take the unemployment rate all over in certain areas, the depressed areas, the underprivileged areas, and these areas along the line, that you will find these unemployment rates are very, very high.

I am saying this as a professional in the field of evaluation, I don't believe, sir, that our unemployment statistics begin to reflect the true state of what actually is occurring in the economy, at least as it occurs in terms of the people and labor. That denominator that they have there, in other words, you have to be looking for a job during that current month as an indication of what the employment force in the country is, as phony as a \$3 bill.

Third, sir, if you look at it again, people are not statistics. When we talk of 5.3, even at that rate of unemployment around this country, you are talking about people, millions of people, still out of work. I am reminded, sir, of the gentleman who came from the poolroom one day when I had just graduated from the University of Chicago, and he asked me, "Do you know the difference between a recession and a depression?" And I started thinking of my economics background.

He said, "Don't do that; the difference between a depression and a recession is that the recession is when the other man is out of a job and the depression is when you are out of a job."

It is a question that there is a hopelessness unless we have training and others to refit them for the kinds of things they can possibly do. This is one of the things that I propose—that we are wealthy enough in this country without taking anything away from those that have to have the kind of programs, have the kind of programs that call for social efficiency, manpower programs, innovative, creative manpower programs that do not become just placement programs but become truly manpower programs. When we have found jobs, as we put people to work is an example of that.

Let me thank you.

I would like, with your indulgence, to ask Mr. Ingram to supplement what I have had to say at this time.

Mr. HAWKINS. Mr. Ingram, we will be very glad to hear from you.

Mr. INGRAM. Thank you, Mr. Chairman.

I don't have a prepared text. I didn't know I was coming until the day before yesterday, and I would like to say this, the distinguished staff member to your right has been in my area. He knows my area as well as I do. I have had the pleasure of entertaining him in my little log house, feeding him turnip greens and cornbread, and he knows my area, so he can check.

I come from the land of Cordell Hull and Sergeant York. Both of these men were born and reared in the area I live in. It is a poor area. There are 2,000 people that are affected by this program and they are wondering why—they are afraid of their jobs, they don't know what is going to happen. They are scared.

We have talked to mayors and judges, and we are grateful for the little revenue sharing that is coming through, but there is not enough money to fund what we are doing. They have too many demands on what they have now.

We have met with the State of Tennessee's Governor Dunne, who is quite concerned. We met Monday and Tuesday with three of his top staff, trying to find solutions, and we haven't found any solutions yet.

We are desperately concerned about the continuation of the program. We appreciate the opportunity to come here. What we would like to do is answer questions that you may have about the rural areas.

For the record, I would like to tell you what a typical rural community action agency is in the State of Tennessee. Tennessee has 21 community action agencies, 16 are rural.

A typical Tennessee rural community action agency, and there are 16, serves five counties with a population of 100,000, of which 34,000 are poor. The CAA operates with \$1,173,000 in funds from the Office of Economic Opportunity, U.S. Department of Labor, and U.S. Department of Health, Education, and Welfare.

This typical rural CAA is staffed with 124 largely full-time employees, of which 96 make less than \$5,000 a year; 26 who make \$5,000 to \$10,000; and 2 who make in excess of \$10,000. The Executive Director makes \$12,000 a year. He is a white male, 45 years of age. He has been the agency director for about 4 years.

Thank you, sir.

Mr. HAWKINS. Mr. Whittaker.

Mr. WHITTAKER. Thank you, Mr. Chairman.

Mr. Ingram has just described a typical Tennessee Community Action Agency. Mine is not that. It is 10 counties, not 5 counties. I am here because the poor people in Tennessee made up the money to send me up here.

That happened yesterday. That is true also of Mr. Ingram. We are not here on OEO funds. We are here because the poor people sent us up here.

We are concerned in the State of Tennessee, we are concerned across this Nation particularly with the tone of the budget that has come out.

We feel that we, the people, are left out, and the whole tone of this thing is against the people.

The county which I come from had more people in 1834 than it has today. It is an outmigration area. In the past 10 years we have stopped that outmigration. My CAA has been part of this, and along with the other members of our counties.

This 10-county area has stopped its outmigration. Gentlemen, if this kind of activity is brought to a halt, I believe we are going to miss the point. I am not prepared to talk, and I am not a speaker. I would answer any questions you have.

I appreciate the honor of being here, and I thank you.

Mr. HAWKINS. Mr. Whittaker, the President has said that he is not stopping this program. He says he is turning the money over to local governments and that you will be able to go to them and get the funds for continuation of this program.

What comment do you have with respect to the 10 counties in Tennessee in light of that approach?

Mr. WHITTAKER. The 10 counties that are getting revenue-sharing funds and 30 incorporated towns. These towns, there are only 10 of these towns that are above 2,500 in population. The largest town in my area is only 22,000. My area is over 6,000 square miles. These public officials need that money for capital improvement within their counties. They don't have enough money in the light of their priorities to pick up the burden that the President has said they could do.

This money is earmarked in eight different areas. One of those areas is for the elderly and poor. Not a single one of those incorporated towns or these 10 counties has put a single dime into this particular category.

Mr. HAWKINS. What is the unemployment rate in the area? Can you give us any figures on that?

Mr. WHITTAKER. In a general sense in that area according to the employment service, it runs 5.3 percent. I question that because this is only those people who have been to the employment service seeking employment in these counties. Many people have given up hope and do not go in. I can't give you the exact figure.

I will tell you this. Our CAA assisted 2,178 people in finding employment in the 10-county area last year, and this is a matter of record of my office.

Mr. HAWKINS. Yesterday a representative of the Department of Labor, Mr. Paul Fasser, indicated that approximately a billion dollars that the Congress had voted for emergency employment would be available to use for summer programs for youth. He did not say why this money was withheld from counties such as yours and cities such as the one represented by Dr. Brooks, or the areas represented by members of this committee. He did not say why that money has been withheld from individuals living in areas where the unemployment rate is 10, 15, and 20 percent, but that is the information that we were told yesterday.

Now may I ask you, and I am asking these questions because you represent an area that ordinarily does not get perhaps as much attention in these hearings as those areas that some of us represent, sometimes called the ghetto or urban cities.

Does it not strike you as somewhat inhumane or certainly very poor management to now tell us that this money was not used for the purpose for which it was made available and that the unemployed in counties such as yours have been denied this assistance?

Mr. WHITTAKER. I cannot tell you why the President withholds money.

I can tell you the people are suffering. They need assistance. This money could be put to an excellent use if we could get it.

Mr. INGRAM. Mr. Chairman, may I comment on the unemployment rate in my area?

Mr. HAWKINS. Certainly. Go ahead.

Mr. INGRAM. Last year the unemployment rate ran anywhere from 6 percent to 13 percent. Pickett County, a small county, and this is the official rate, had an unemployment rate of 13 percent.

Mr. HAWKINS. Can you see any logical reason why money voted to put the unemployed to work should be withheld at a time when such conditions exist?

Mr. INGRAM. No, sir, I do not.

Mr. HAWKINS. Mr. Brooks.

Dr. BROOKS. Mr. Chairman, it also adds to the complete instability of our communities.

Take an example. In cities like ours where during the summertime 300,000 or 400,000 kids are dumped on the streets at that particular time.

No city has done a better job of marshalling private resources to help to get jobs for youngsters.

Certainly the chairman of the Commonwealth Edison Co. has taken the initiative there as well as the Association of Commerce and Industry, with every industry working. But when you have relatively high unemployment rates for the average workingman in the community, these organizations can't go about then to turn around and just hire the youngsters off of the street.

I was handling the program directly at the time that Martin Luther King had been assassinated, and when this disruption took place, but in a city like ours, we didn't have one of the NYC kids that was involved in it because we could put them to work and get them into areas away from where this conflict was taking place at that time.

There was not one police record where a NYC was involved in that one, which shows one of the advantages which helps the social stability of the communities and of all cities.

Mr. HAWKINS. Thank you.

Mrs. Chisholm.

Mrs. CHISHOLM. Thank you, Mr. Chairman.

First of all, I would like to thank all of the persons for coming here this morning. I have to be very honest and frank with you, I think the time has come for all of us need to move down to 1600 Pennsylvania Avenue because that is where most of the major action has to be taken.

Be that as it may, there is something that ran through all of your presentations here this morning, and that is the whole concept of revenue sharing.

Dr. Brooks, would it be your feeling that revenue sharing does not and would not necessarily redound to the benefit of the people because of the priorities of local and county and State elected officials, whose first responsibility is not necessarily to the needs and aspirations and hopes of the deprived and disillusioned? Is it true that while everyone is getting very excited about this concept of revenue sharing, unless you have strings attached, the revenue sharing will not redound to the benefit of the poor?

Dr. Brooks. Yes; I want to be careful in my answer.

The first problem involved here, the mayors today, as you know, are beginning themselves to feel that they have been somewhat taken by what is happening.

The mayor of my own city is coming up. First, there is the problem of not enough funds. In a city like ours, I believe, and I am certain in a city like yours, given sufficient funds under any kind of a program, the mayor would be conscious of the social problems he had to face in that particular city.

The first problem of general revenue sharing does not have one-tenth of the amount of money which is necessary.

No. 2, because of the national interest, and I don't care what form it is in, the intent of Congress has to be written into some legislation.

The pressures on all communities, given sufficient money, I am convinced under any program that some of the enlightened, progressive mayors would be able to withstand certain pressures. But given the very limited amount of money, take the transportation in a city like ours at the present time, here is a vital problem that must be dealt with.

There are other problems that must be dealt with. They impinge upon the community. They impinge upon communities because, as the mayor said the other day, we need public transportation because everybody does not have an automobile.

My point is that the first issue involved is that there is not enough money involved here at least in the general revenue sharing now.

No. 3, all we know about special revenue sharing right now is a carrot that is being waved. So the reason I don't comment on it is because we don't know what it is.

The intent of Congress in passing that kind of legislation should be so spelled out that at least the progressive mayors could be supported and withstand some of the pressures that they might have to face on a local level.

And other elected officials beside mayors, too, that they might have to face from all kinds of entrenched groups in the community along the line.

Mrs. CHISHOLM. Mr. Ingram.

Mr. INGRAM. I would like to say in our area we will get a little of this money. A real small city, Baxter, I don't know what they are getting, \$3,000 or \$4,000, has already sent us a little check, but they can't make up a half million dollars. They don't have that kind of money.

Mrs. CHISHOLM. Two last questions.

Wouldn't you say that the entire community action program has been for the first time in this country, an instrument in involving people in participatory democracy?

Dr. Brooks. Amen. Of course.

Mrs. CHISHOLM. And, secondly, people whose hopes have been dampened for a long time now have an opportunity to have some determination over how money is to be expended in terms of their own lives?

Dr. Brooks. And, you know, so many times you can say that maybe they have made a few failures here and there, but the things that has impressed me is how these people have developed as a result of having responsibility over a period of time.

I have seen this thing move from people just coming in irresponsibly and talking about we want some money, to the point of saying, on my own committees, to seeing a man who had been a porter all of these years sitting on a committee, as an example, with the president at that time of an important railroad association, and to hear the interplay

and constructive interplay that occurred between these two men who would never generally have even had an opportunity to meet each other on any level but on the level of a servant to a man who is a leader of society.

I have seen so many examples of this. I have seen the people who have come out of the program.

Last week we had a memorial with over a thousand people there with a choir of over 500 composed of every kind of youngster in the Chicago area, from Chinese all the way up and down, in the balcony at the Pitt Congress Hotel, a eulogy to the Great Society concept along that particular line, and then we had there in the old-fashioned way the testimonials.

The testimonials of people who today are not working in the program but have come out of the program.

One alderman of the city of Chicago said, "I would still be working as a traffic cop on the corner if it had not been for the chances I got to develop my leadership ability here, and now I can work with and understand how to work with the people."

There have been so many implications and ramifications of what participation has meant and how it has permeated the entire fabric and structure of our communities that it is something that should not be lost.

May I make one other comment here. I had a chance to live in India for a long time. In living there I saw the difference between what might be a static society and what I hope America will continue to be, and that is a society that moves not perfectly but moves toward bringing people into the society.

I wrote a story once about the untouchables of India, and the difference between that and any underprivileged person in the worst circumstances in this country was the fact that an untouchable was going to be born an untouchable, stay an untouchable, and die an untouchable, with no chance of getting within the framework of a system.

This is the thing, if America is to be strong, we have to provide for.

Mrs. CHISHOLM. I would like to ask a question of the other two gentlemen.

There has been a great deal of criticism of the community action program in this country, but you can criticize just about every program and every institution. We are all human beings, and nothing is perfect.

I would like to hear from you gentlemen briefly on what you see as some of the weaknesses that can be eradicated in this program. This is the thing that we have been emphasizing; and while we know the need for reform in the Congress, we don't eradicate the entire U.S. Congress. Although there are a lot of weaknesses, and we need reform, we don't throw out the baby with the bathwater.

What do you see as some of the weaknesses that perhaps we can work on?

Mr. Brooks. First, let me try it for size, Congresswoman.

The charge given to the program by this present administration and tested by them in that survey, went on to say that it had met the charge to a large extent there.

The interesting thing to me was that the reason this looms so importantly is that the positive findings of that were not released.

They had to be released sub rosa by someone slipping it out along that line, and this is very bad.

It would seem to me they would want to lay all of the facts on the table. I have seen evidences of communities, for instance, one of the weaknesses is having a purely economic definition of what is poverty. Now, where that has been insisted on, I fought it, Congresswoman, for a number of years.

I maintain for instance in a number of communities that you could not talk about poverty purely in economic terms. In other words, this particular level and that everything then had to be measured in terms of the economic guideline, \$4,000, because as you know, if a person and their children are in a community such as a Harlem community or a Lawndale community, even if the family is making \$10,000 a year, which far exceeds the average income of the community along the line, they are subjected to the cultural and the social conditions, the lack of the institutional structures being as viable as they might be.

These youngsters are just as handicapped as a youngster who comes from a family making \$2,000 or \$3,000. This has caused trouble. When they talk about community participation at one time, and they came out with a series of guidelines, I tried to find out how many of these people are poor and how many of them fall into some other category.

When you take a storefront minister, who happens to be a leader in this community, he is not only a leader in the community, but he also is not very well off along the lines, so he fits in two or three categories.

In my own original studies on this, I would hope we would build in the so-called noneconomic factors as well as the economic factors. I think this has been one of the essential weaknesses.

The third one is this: I see no reason that this program has to be used to pit class against class. As far as I have been concerned, I wanted to see the program where you marshal the resources of the community including the poor, not excluding them, but marshaling the total resources of the community to do something about the problem.

This means involvement of the middle classes and upper classes also. I do not think the viability of our communities can go on the fact that this is purely the program "for poor people."

It is a program for the community, but addresses itself to those who need some assistance and need to be worked with and need to be helped and to be community leaders and other things, too.

Mrs. CHISHOLM. I have no further questions.

Mr. HAWKINS. Mr. Ingram?

Mr. INGRAM I wanted to make a little comment. We have been investigated by this committee. We have been investigated by GAO. We have been investigated by auditors out of the regional office. We have been investigated by local auditors. They have never had any criticism of our administrative system and the way we handled funds, our involvement of local people.

Our weakness is that we have not had enough money.

Mrs. CHISHOLM. Thank you.

Mr. HAWKINS. Mr. Benitez.

Mr. BENITEZ. I will make a brief statement and then ask questions.

Dr. Brooks, you indicated earlier that poverty is colorblind. I know that you were trying to be understanding and helpful. It is true that the land from which I come is wrought by poverty, that our

official unemployment rate is of 12 percent; but I would like to say that the statement that poverty is colorblind is a half truth, because one would have to immediately add that economic opportunity has colorology.

I believe that the importance of this economic opportunity program, and the importance of this community action program, is that through them Federal Government assumes its primary responsibility of helping in overcoming the injustices and the disadvantages that many of the American citizens suffer at present. Many of us feel deeply that this is an abdication of a responsibility concerning human rights. We fear that it will heighten that sense of destitution and disassociation from which millions of American citizens are presently suffering and will seriously jeopardize the efforts of our Government to eliminate this element of gutlessness from our Nation.

So in a profound sense, I would say that this program is one which I favor and hope my colleagues will also favor. It represents an effort at genuine solidarity in citizenship, which is indispensable if the disadvantaged, and those who have been victims of social injustices, are going to overcome their hostilities and reside together with their fellow citizens.

Mr. Brooks. There is no question, sir, that what I have said is true that the opportunity effect of this program and what it will mean and has meant and can further mean and should further mean to a number of people, I hate to use the word "minorities" because everybody is a minority, but it is a question of what combinations you need to make a majority along the line.

The only point that I was pointing out was that there is no question about it that when they see a person come in and, as you know, we have all tried to do a lot for a person who speaks a little bit different than somebody else or whose color is a little different than someone else's, and there is no question about it that that is what that has meant.

Especially in our large urban centers, we have just now, and we are just now in our community getting bilingual people in our schools.

When I was living in New York State, living upstate as education director of the New York Training School for Girls, I wondered why there were not very many Spanish-speaking girls up there, I knew that they had to be as bright as any other girls, and they were all being sent to the school for subnormals, rather than, when delinquent, being sent to the usual place, and you know it was because of a language problem.

There was even discrimination there. I lived in a little community in upstate New York, which you may be familiar with, in Columbia County. I have never seen more cruelty and institutionalized rigidity for whites than I have seen with the fellow that lives on the other side of the track in certain communities like that.

This program in those communities has addressed itself to this problem, too. I think really so many Americans want to think of this as purely a black problem or a Spanish problem or something of this particular type, but I am saying that it is not.

The very fact of the matter is that our institutional structures have operated to mitigate against the poor whites who have lived in communities for years and cannot get out of that syndrome of poverty, equally as much as they have for some others of us.

So, I have only made that point, and I have seen it in operation.
Mr. BENITEZ. Thank you.

Mr. HAWKINS. Thank you, Mr. Benitez. Thank you, Mr. Brooks and your associates, Mr. Whitaker and Mr. Ingram.

Mr. INGRAM. Could I make a final statement. Time is of the essence. I know that Monday our sister agency, Caney Fork, received notice they would be closed down as of March 1.

Dr. BROOKS. We have also pleaded. I sent a telegram several days ago to the President of the United States. The President has said, and we have every reason to believe him, that he is interested in all of the people of this country.

I am certain, sir, there must be somewhere along the line a communication gap concerning the urgency of this problem, where, on the one hand, the President, and we do not want any sacred cows either, sir, along that line, but where you are throwing out all of this at this particular time when there is this critical urgency.

It is an urgency for Congress and it should be an urgency for the administration. My impression is that there has been no one on the levels of policymaking of the administration at the present time who has as yet communicated with, talked with, been part of the problem of the poor to the extent of even talking about it on the top level, sir.

Mr. HAWKINS. I think that is an understatement, and a very mild one at that, Dr. Brooks. If I were not in this chair I think I would have much stronger things than that to say about what the President is doing with this program. But, many thanks to you and your associates, Mr. Whittaker and Mr. Ingram.

The first witness this morning, the Honorable Jerry Cavanagh, former mayor of the city of Detroit, called earlier to indicate that he is snowbound in Detroit, and we will reschedule his appearance for this afternoon.

Mr. HAWKINS. The next scheduled witness is the Honorable Yvonne Brathwaite Burke, U.S. Representative, 37th District of California.

We are very pleased to have our associate with us this morning, a most distinguished Representative and one of our newer Members, and one who represents at least some of the area which I formerly represented. She is doing, an admirable job. Mrs. Burke, it is a pleasure to welcome you to the committee.

**STATEMENT OF HON. YVONNE B. BURKE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA; ACCOMPANIED BY FRANK HARTMAN, UNIVERSITY OF CALIFORNIA
(BERKELEY)**

Mrs. BURKE. Thank you very much, Mr. Chairman.

Mr. Chairman and members of the committee, I would like to introduce one of the people I have here. There are a number of people here from California, and I know you will be hearing from them during the day. But in particular I would like to introduce Mr. Frank Hartman from the University of California at Berkeley, who represents an agency that is funded by legal services and also under the economic development program that I will be referring to later in my remarks; and at the conclusion of my remarks, if possible, if there are any questions on that program, perhaps he would be here as a resource

person to give an example of how there has been a great deal of success in many of these economic development programs.

Mr. Chairman and members, there is a somber mood which pervades this room today, and it is a mood of sincere and profound concern about the commitment of the present administration to pursue policies which effectively deal with the problems of the poor, the sick, the homeless, and the jobless.

We have heard the President say in past weeks that "we must reject the mistaken notion * * * that ever-bigger Government is the answer to every problem." But, Mr. Chairman and members, we must ask here today, "What are Mr. Nixon's answers to these problems?"

Mr. Nixon has proposed to abolish the Office of Economic Opportunity and transfer certain of its programs to other Federal line agencies and claims that his policies represent a "pragmatic rededication to social compassion and national excellence in place of the combination of good intentions and fuzzy followthrough * * *"

But many operational programs of OEO will actually be closed, not transferred. The outreach activities which nonprofit community action agencies have started and the use of community participation to influence local policies affecting the disadvantaged will, most likely, disappear entirely. And it is less than certain that any of the revenue-sharing funds will fill the gap.

I would enjoy learning which cities will be receiving more total Federal funds under revenue sharing and the proposed 1974 budget than they are scheduled to receive under this year's budget.

OEO was established to bring about conditions at the local level to help the plaguing problems of poverty and to serve as a coordinated link between human resources of the Government and the poor. OEO was established because the line departments—the very agencies to which OEO programs are now being scattered—were both unwilling and unable to deal effectively with low-income and minority citizens.

Over the past few weeks, as the administration's policy regarding OEO and its programs have become increasingly clear, most people have labeled the President's actions as an administrative reorganization. Some have seen it as an end to the Federal war on poverty effort.

Yet labeling the administration's action as merely a reorganization overlooks what in my view is really the nature of the President's policy, namely to destroy the unique functions that OEO-sponsored activities have performed.

One example of this attitude is the administration's decision to eliminate funding for community action agencies and certain other community action operations. This will result in destruction of most existing community action agencies as they are presently constituted.

At this point I would like to interject one question in terms of the whole method that is being used by the administration. If it is, in fact, reorganization, the procedures as set forth by the Reorganization Act have not been followed. If it is not reorganization, then of course perhaps the President is acting in accordance with what would be his authority, at least, under the Reorganization Act.

But from all of the indications, this is simply another attempt to sidestep the actual constitutional requirements and also the legislative requirements as set forth in the reorganization plan. In other words,

there has been no plan submitted to Congress for them to review as far as the reorganization of OEO.

If the functions that the OEO-sponsored community action programs performed are viewed as being simply another form of government services for the poor and disadvantaged—such as a local welfare department's day-care program or payments made for medical services—then it would probably be proper to see the administration's policy as one of rational consolidation of Federal and local services. But OEO's community action agencies are not simply providing services to ameliorate the conditions of poverty and they were never meant to.

I have had an opportunity last night briefly to review an unreleased OEO evaluation of community action agencies. This evaluation applauds the agencies for their efforts in helping the poor become self-sufficient. This evaluation is entitled "Utilization Test Survey Data for 591 Community Action Agencies, January 1973."

This evaluation stated and I quote:

There is now emerging for the first time a national picture of community action achievements in terms of the mission emphasized by this Administration.

Community action is already producing highly constructive results in both urban and rural communities and the trends indicate that continued effort in this direction will produce substantially greater returns on a small investment.

Perhaps most surprising is the very substantial mobilization of business and industry resources, especially in rural area. Total business resource amount to about \$75 million. The total emerging picture of Community Action clearly shows that Community Action Agencies are rapidly becoming very positive forces in their communities"—and this may very well be one of the reasons for the concern by the Administration—they can play significant roles in helping communities rise to the challenges of revenue sharing and other forms of governmental decentralization.

This, then, is a far different analysis of the effectiveness of community action operations than the President presented in his recent budget message. In the budget, he claimed that "community action has had an adequate opportunity to demonstrate its value to local communities. Little justification for continuing separate categorical funding can be identified."

What I would like to know, Mr. Chairman, is on what information and facts did the President rely in making this statement?

A host of other Government programs provide the vast bulk of services and income supplements to the poor. These include social services grants, under the Federal welfare program, ESEA educational assistance, manpower training program, medicaid, and food stamps, to name a few. The contribution of OEO's community action agencies is in a very different and much needed neglected area.

The over 900 community action agencies consolidate and coordinate the various Federal, State, local, and community service programs and activities and make them workable, cohesive efforts rather than scattered and fragmented lunges at various problems of the poor.

On the average, approximately 50 percent of the funds that community action agencies administer come from OEO. The bulk of community action agency-sponsored programs have sharply defined goals. The agency provides overview and direction.

The local agency serves as the mechanism to coordinate the attack on problems the poor face in the area of services.

By eliminating OEO's community action agency funding and forcing them to depend on the revenue sharing pot—and this is again

the same thing you have heard over and over again, this whole problem of what is happening when we are directing our attention to using revenue sharing rather than directly funding some of these programs—the administration is, for all practical purposes, eliminating the major sources of program consolidation and mobilization for institutional change at the local level.

Services in the limited sense of headstart projects of Neighborhood Health Centers will probably continue, although probably in an altered form, as other agencies impose their own guidelines on the former OEO programs. However, the unique functions that CAA's performed will disappear. Programs that were once part of coordinated efforts and "sparks" for further logically, linked changes will become simply, dead-end service providers, offering little chance of change in the wider complex of problems facing the poor in Los Angeles Community Action Agencies such as Compton CAA and EYOA will lose the "core" funding from OEO that made it possible for them to coordinate existing programs and mobilize the community to launch out in new directions. At this moment, their future is uncertain and no substitute has been offered to take their place.

In the last few years, OEO programs have increasingly committed themselves to self-help programs. The newly established community economic development program, formerly called the special impact program, is a primary example of this new thrust.

The community development corporations supported by OEO's community economic development program have been widely recognized as the most successful effort by any organization, governmental or nongovernmental, to promote realistic economic development, using both seed money and technical assistance, to deal with problems involved in economic development in low-income communities, using seed money and technical assistance to deal with the multiple problems involved in economic development.

In addition to removing the support community action agencies have given these corporations, the administration has proposed transferring this economic development effort to the Office of Minority Business Enterprise in the Department of Commerce.

The combined budget for fiscal 1974 for OMBE and the OEO economic development program shows a net reduction of some \$28.7 million in programs designed to support minority businesses. The traditional thrust of OMBE has been one of providing educational and technical assistance to individual businessmen in poverty areas. Contrasted with the corporation's approach, it makes little sense to send an individual businessman into a low-income area with little capital, no matter how much technical expertise to which he may have access. And again, I think that all of you probably know much better than I do, the small businessman has just been at a tremendous disadvantage because small business is at a disadvantage in today's economy. It is not just a matter of expertise and technical information; it is often just an economic problem of being able to provide a viable business in our communities.

The community development corporation approach of involving the community in a large project with necessary capital where various components will reinforce one another has proved itself more successful. The East Los Angeles Community Union a community development corporation has joint-ventured with a housing planning group

for a community-based housing project to demonstrate real "urban renewal" supported by the community. It is likely that, placed in OMBE, the community economic development program will become just another halfway and fragmented attempt to aid the poor.

With a transfer to OMBE, what will happen to the needed stress on an approach which uses all of the resources of the community to create economic development? What will happen to the linkage to the community that the community development corporation supplies?

The next area that I would like to touch upon is OEO health programs. The administration proposes to transfer OEO's health programs, most importantly, comprehensive health services centers, to the Department of Health, Education, and Welfare. This is supposedly to centralize the administration of health programs in one agency.

But will the innovations of OEO health centers, such as the South Central multipurpose health service corporation in the chairman's own district, which has already seen over a \$1 million drop in its budget, be continued or will they be dropped in favor of some different approach?

We already have one indication in the President's fiscal 1974 budget which calls for a deemphasis on health services delivery with a possible switchover to Health Maintenance Organization. A total of \$147 million for OEO health programs is requested in the 1974 budget for HEW, compared with the 1973 obligation of \$165.2 million, a reduction of \$18.2 million. When this account of \$147 million is transferred to the HEW health services delivery budget of 1974, one discovers a further cut in the overall health services delivery budget of nearly \$47 million. Further, the administration is proposing a reduction in the 1973 appropriation of some \$45 million, bringing total net loss to some \$110 million.

The innovative "one-door" approach to health care for the poor that has been the hallmark of community health centers may well be lost as the administration shuffles priorities in health care. As a result, the poor will suffer. The successful South-Central Community Health Center in Los Angeles services about 500 people a month and has demonstrated its importance to the community.

Finally, I would like to discuss briefly OEO Legal Services. Recent reports and news stories have indicated a definite administration bias against OEO's legal services' back-up centers. Since this subcommittee will soon be dealing with the legal services legislation, I would like to make a few observations concerning the role these centers have played in our community and their critical relationship to the rest of OEO's programs.

Two centers in California—the Los Angeles-based Western Center on Law and Poverty, and the University of California at Berkeley's National Housing and Economic Development Law Project—serve as examples of their value and importance.

The back-up functions of the Western Center have included assistance in appellate litigation, training assistance, and clinical education assistance to law schools. The recent California precedent-setting decision of *Serrano v. Priest*, declaring unconstitutional California's school financing scheme, was a direct result of Western Center's skill and involvement.

Also, the Western Center participated in the case of *Blair v. Pitches*, wherein the California Supreme Court declared unconstitutional the

practice of repossessing personal property upon the filing of an action by a creditor without prior court hearing to determine the validity of the charges.

These cases have altered the law, affecting significantly the lives of thousands of poor by a single ruling.

The kinds of assistance and services these centers provide to legal services projects and to law schools are badly needed by individual projects and by lawyers who don't have the time or expertise to become proficient in every area of poverty law.

The centers also play a role with the rest of OEO's programs. The "back-up" functions of the Berkeley project are directed at assisting lawyers working with community development corporations. One of the most successful CDC ventures they contributed to was the Salinas Valley "Strawberry Cooperative." It brought a group of migrant families from average incomes of \$3,500 per year to nearly \$12,000 per year and provided the basis for future spinoffs of new cooperatives sponsored by the parent "Strawberry Coop."

Back-up centers like these fill a special need for legal services projects and for programs like community development corporations attempting to help the poor. Efforts to help the poor always face legal problems.

In many cases, developments in one area can be applied to others. In general, legal services lawyers cannot, by themselves, provide a broad range of expertise in every facet of "poverty law." The function of back-up centers is to assist by filling in the gaps and searching out new ways to handle legal problems faced by the poor.

They help make the legal services program and all OEO's programs a unified operating system. When this subcommittee considers the legal services corporation legislation, I would strongly recommend that specific provisions should be made for preserving and protecting the independence necessary to insure the continual role of these centers.

In closing, Mr. Chairman and members, I would like to point out that what I am worried about today is not only the decrease in Federal funds. The President's budget for 1974 represents more than a shift in priorities of spending the Federal tax dollar.

It demonstrates a radical reorganization of our Federal system of government. This proposed new federalism represents a direct challenge to the institutional changes developed over the last 5 years in employment practices, education and in medical and legal professions in improving the access of these services to the poor.

OEO brought the orientated and disenfranchised into the Democratic process, gave them a stake in their future and a window to government, and provided the poor with hope at a time when hope was obscure.

With the dismantling of OEO, not only the symbol of concern, but the actual involvement and commitment of the Government will be suspended. Who will lobby for the poor in communities where the poor have no effective voice in the decisions of Government?

I urge this subcommittee to carefully review the full implications of the President's proposal and the need to insure categorical funding for these programs before it accepts the demise of OEO.

Thank you very much for your patience and courtesy in allowing me to present this testimony.

First, I would like to ask Mr. Hartman if he would like to make a comment and then I would be pleased to answer any questions you may have.

Mr. HAWKINS. Mr. Hartman, would you care to make a statement at this point?

Mr. HARTMAN. I would like to give you a brief indication of some of the activities that we are involved in at the University of California.

The economic development law project is under the supervision of the law school at the University of California.

It is funded by grants from the Office of Economic Opportunity. The economic development law section, its primary purpose and function is to provide a staff of lawyers and technical people who can be of assistance to community development corporations which have received grants themselves from OEO in the form of venture capital.

As I am sure you are aware, community development corporations as they exist throughout the country operate on the premise that, number one, local community development of low income areas ought to be an activity in which the residents of that area participate and make decisions as to what kinds of economic development should take place in those areas.

Secondly, they operate on the premise that we seed capital initially provided by the Federal Government, the corporation acting for the benefit and as a representative of low income community has the opportunity to stimulate business in that community, and also has the possibility for actually starting up new businesses which would eventually be spun off or eventually be made available to the community in the form of a sale of shares of stock.

We have over the years given direct legal assistance to these corporations on all kinds of legal problems which a corporation involved in business activity is likely to face.

Corporate law, taxation law, security law. Types of legal problems which can become pretty complicated, and which the average legal services lawyer is not likely to have expertise in.

So we give the service both to the community development corporation directly, and we give the service to the legal services offices in the locality where the CDC itself is located when so requested.

I do think this is a very essential service in the community development if corporations are to survive and are to be able to function as entities which are trying to stimulate businesses, to provide new jobs for low-income communities and to give the members of those communities the opportunity to directly participate in these activities and feel that they themselves are doing something useful to improve their own community conditions.

Mr. HAWKINS. Thank you, Mr. Hartman.

The Chair will yield its time to Mrs. Chisholm.

Mrs. CHISHOLM. Thank you very much, Mr. Chairman.

First of all, I would like to extend a very hearty welcome to my sister before this subcommittee.

Now, granted the fact, Congresswoman, that because there was a great deal of hullabaloo about welfare reform in this country when the concept of revenue sharing came into existence, everyone jumped on the revenue-sharing concept before they knew what ultimately would happen.

So if, indeed, it is going to continue to operate, would you say that we must have written into that concept categorical funding so that people can be assured of the delivery of services?

In other words, do you agree that we just can't leave it hanging loose?

Mrs. BURKE. There is no question. I would like to share with you my experience coming from California which may not be where we have an administration that is not exactly dedicated to providing services to the poor, and what I have found consistently, take the area of legal services, at any time any legal services group was successful, the next time they came up for direct funding there was always a reluctance by the administration to approve it.

For instance, they provided medical care. They were able to stop in the course of some of the cuts in the medical program. They were able to get some of the courts to act in cases of bringing illegal workers in who were competing with poverty workers so that as soon as they were successful, that administration started interfering with their funding.

For us to believe that anything other than that will be the pattern for the future, is very naive. What is going to have to happen is we are going to have to have strings attached to the moneys that come into some States.

There is no question some States will use revenue sharing effectively. But I am convinced in the State where I come and the State which the chairman represents, revenue sharing will be used in such a way that business people will be given the benefits, where any program that in any way attempts to conflict with the strong business interest or which actually is really beneficial to the poor or gets money to the poor will be stopped immediately.

Mrs. CHISHOLM. Thank you. One other question. As a lawyer, you indicated something about the possible unconstitutionality of the reorganization of OEO without a message being sent to the Congress. You believe there is an element of unconstitutionality?

Mrs. BURKE. Maybe the word, "unconstitutionality," is not proper. I think ultimately it is going to be decided on a constitutional basis.

Apparently, there will be action filed to prevent a reorganization indirectly because you can't do indirectly those things that you can't do directly and my point is that the administration is trying to use, by indirect means they are using those means to do something that is outside of the Reorganization Act because the Congress ultimately has a right to review any reorganization plan.

Now, it may very well be that they have a reorganization plan that they are preparing and will come over soon. I would hope that this will happen so that Congress will have a chance to act. If they don't, I am sure it is going to be challenged in the court and in the Congress.

Mrs. CHISHOLM. Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Benitez.

Mr. BENITEZ. No questions.

Mr. HAWKINS. Mrs. Burke, I wish to commend you on a very excellent presentation to this subcommittee. You have presented several new ideas not previously brought to the subcommittee.

I particularly wish to commend the statement that you made indicating that the actions of the administration and the President's budget represent not merely shifting priorities for spending Federal tax dollars, as damaging as that is, but that it is really radical reorganization. By shifting to revenue sharing we are also shifting away from many existing laws, including the legislated concept of citizen participation, and concepts of public legal services as well as others.

I think you made a good point in the testimony you presented to this subcommittee. Again, we wish to commend you and Mr. Hartman for the contribution you have made.

Mrs. BURKE. Thank you very much for this opportunity.

Mr. HAWKINS. The next scheduled witness was to have been Mr. Holland, mayor of the city of Trenton, N.J., who, unlike Mr. Cavanagh who was snowbound, is strikebound. We hope he will be able to get here by this afternoon.

The next witness we will call on is Mr. Rod Miller.

STATEMENT OF ROD MILLER, RURAL MISSOURI, INC.

Mr. MILLER. Mr. Chairman, members of the subcommittee, my name is David Rodney Miller. I am the president and chief executive officer of Rural Missouri, Inc., a not-for-profit corporation, with headquarters in Jefferson City, Mo.

My responsibility, as president of this corporation, is to obtain resources and to expend them on the activities established by the board of directors of the corporation. It is that responsibility that has brought me to Washington, and, in the last analysis, that has brought me here today.

Although Rural Missouri, Inc., is involved in a considerable variety of activities, our primary focus at this time is directed toward what is essentially a simple task, simple at least in its conception; to assist migrant and seasonal farmworkers who are unemployed and living in poverty to find jobs which will provide them with incomes above the poverty level.

To do this we have contracted with a variety of other agencies to recruit the farmworkers, to locate prospective employers, to match the workers to the jobs, and to negotiate on our behalf contracts with the employers to hire and train the farmworkers in productive and needed skills. We pay the employers for their training services, they pay the farmworkers wages.

It is not a very complicated business, it is not a new idea, it is perhaps not even very creative. We really have only one thing to say in its favor: It works. Not flawlessly, not every time, but it does work, it has worked and we feel that it is working better all the time.

During the last several years the bulk of the money to pay for this and many other kinds of work on behalf of migrants and seasonal farmworkers has come from the Migrant and Seasonal Farmworker Division (now branch) of OEO.

For the period from December 1, 1972, to November 30, 1973, we have been promised \$700,000 by OEO to continue that work. With those funds we will, along with other activities, place at least 300 migrants and seasonal farmworkers in jobs that will take them out of poverty.

It is a modest undertaking. When compared to the need, it is a drop in the bucket. It is, nevertheless, a job which the people we serve, impoverished migrant and seasonal farmworkers, believe is worth doing.

That is my work. I hope you will understand then, if I seem overawed by the proceedings here yesterday and today. I have heard testimony concerning the allocation or reallocation, impounding or reserving of billions of dollars. I read daily of the closing down of vast agencies of Government, of the abandonment of programs to which billions of dollars have been committed.

The vast controversy between the executive and the legislative branches of Government, the "constitutional crisis," the depth of the administration's commitment to the war on poverty are all, I am sure, vital concerns. The responses to those questions which are eventually accepted will profoundly affect us all.

But right now my concern is, it simply must be, those 300 unemployed farmworkers in Missouri. They are relying on our word that by November 30, they will no longer be poor.

We were told by telephone last Friday that the \$700,000 we had relied on OEO to provide by December 1 of last year would not be coming. We would receive instead an unspecified sum at an unspecified time in the future.

Any future funds from OEO, we were told, would come month-to-month based on a "monthly funding package" which we would be required to submit every 30 days.

This directive, we were told, came from the Acting Director of OEO.

As one who had been awaiting receipt of funds due from a 5-month funding process, which funds were already over 2 months late, and as one who had already contractually obligated nearly one-half million dollars of those funds. I was, as you might imagine, stunned by the news.

I knew that the carryover funds on which we have been operating would be soon deleted. I also knew that we were not to be permitted to borrow funds for interim operations even in the unlikely event we could find a willing lender.

But the knowledge I had which upset me most was the knowledge that without that money, the contract we have with the city of Bethany would not be fulfilled and that Lester Tilley would go from being a police officer to being unemployed again.

I knew that the contract with Roy's station in Versailles, Mo., would fall and with it the hopes of Albert Dillon, his wife and seven children. He would have been an auto mechanic instead of a part-time farm laborer.

I knew that those contracts and 92 others like them would not be fulfilled and that the escape from poverty of the farmworkers involved would again be cruelly thwarted.

Those are the most direct, immediate, and tragic results of this kind of precipitate shift of policy. There are others: We have built a reputation among businessmen in rural Missouri for reliable, sound and businesslike operations; that reputation will die if we cancel those contracts.

More importantly, we have built a reputation among farmworkers for compassionate and reliable assistance; that reputation, too, will die if we fail to meet our obligations to them.

It is simply no answer to this problem to say, as has been said, that the Department of Labor will take up the task when the Migrant Branch of OEO is transferred there. Or that cities or counties or States will do the job through revenue sharing. We have 94 farmworkers who, after months and years of failure and abject poverty are experiencing success, who after untold months of hopelessness have found reason to hope.

We cannot, we will not, sit idly by while powerful and insensitive men dash those frail hopes to pieces.

You ladies and gentlemen of the House and your counterparts in the Senate are the people who established the OEO as a national priority. The vote of the farmworker in Missouri or California or New York counted equally with that of your richest constituent in sending you here. It is to you that they look now for help. I do not believe they should look in vain.

Mr. HAWKINS. Thank you, Mr. Miller, for a very fine presentation.

I would like to ask what, in your opinion, will become of those 94 farmworkers you referred to, if our efforts to prevent the dismantling of this program fail?

Mr. MILLER. You must understand, Mr. Chairman, that what we are doing is providing an opportunity for those persons who have jobs which did not previously exist. They are working by and large for small employers, employers who have felt perhaps that their business could be expanded in the event they could hire another employee, or businesses who were undercapitalized or who could not stand the cost of taking on a new and untrained employee on their own.

But we have provided an opportunity for them to hire and train an employee and to create a new job, an activity which I have never, although I am not an economist, considered terribly inflationary or wasteful.

If our part in that bargain, that is, the provision of the cost of training or a part of the cost of training, if our part of that bargain is renegotiated on, then I am confident that in many cases, if not all cases, those persons, their jobs will simply be terminated because the manager of the garages or the rest homes or the various places where we have these people employed will simply not be able to pay the full \$2.50 an hour that the employee makes or the \$4 an hour that the employee is earning in salary without our assistance to the employer to pay the training fees.

Mr. HAWKINS. Are there any other jobs available in that community that these persons could possibly qualify for?

Mr. MILLER. I would not want to rule that out, Mr. Chairman. However, we, of course, have faced this kind of an argument many, many times before, that, well, in principle, there are other places that this person could go to work.

The point is that before we became involved, before this money became available, these people on whose behalf we are working were unemployed. What the reason for that might have been, I am not prepared to state definitely, but we do know that without us, they were unemployed.

Now they are employed. Before we entered onto the scene, they were poor. After we have completed our work, they are no longer poor. That, it seems to me, is a somewhat persuasive argument for the efficacy of our activities.

Mr. HAWKINS. Mr. Benitez, any questions?

Mr. BENITEZ. Mr. Chairman, I only wish to say that this is a remarkably sensitive and valuable testimony. I think that what can best be said for this program is that it is an investment in human solidarity, in hope, and in uplifting the quality of our society through participation and through common effort. I trust that the Government of the United States will not retreat from that hope.

Mr. HAWKINS. Thank you. Thank you, Mr. Miller for your testimony. We appreciate it.

Mr. Marshall.

STATEMENT OF ROBERT MARSHALL, RURAL CALIFORNIA

Mr. MARSHALL. I am a Board member of the National Rural Housing Coalition. I was associated with Mr. Miller and my concern is rural program, too.

Mr. HAWKINS. Would you proceed, please.

Mr. MARSHALL. I will. I have a brief prepared statement which is in your folder.

Mr. HAWKINS. That will be entered in the record at this time in its entirety.

[The document referred to follows:]

STATEMENT OF ROBERT MARSHALL, BOARD MEMBER, NATIONAL RURAL HOUSING COALITION

Mr. Chairman and Members of the Committee, my name is Robert P. Marshall and I appear before you today as a representative of the National Rural Housing Coalition. The Coalition is a National organization with members in all fifty states, concerned with the quality of rural housing programs. I am also, in another capacity, the Executive Director of the largest self-help housing program in the United States, situated in the San Joaquin Valley of California. I am also testifying in behalf of other self-help housing programs in California and throughout the United States.

We are well aware of the expected death and/or dismemberment of OEO. While so many able speakers today have dwelt on the demise of Community Action programs, I will concentrate my remarks on the imminent disappearance of self-help housing through the dismemberment of its mother agency, the Migrant and Seasonal Farmworker Division of the Office of Economic Opportunity.

Aided self-help housing, the most unique housing program in the pantheon, started some ten years ago with Casa Manana, a small project for farmworkers sponsored by the American Friends Service Committee in Goshen, California (Tulare County). The nub of self-help housing then, as it is today, is the determination and sweat equity of farmworkers and their families in building their own homes under the tutelage of trained construction supervisors. It is a common sight today—through the barrios of the Sacramento and the San Joaquin—to see women shingling a roof, men framing a house, pouring a foundation—all working as a group to finish each other's house. What were once the rural, ramshackle ghettos of Woodlake, Delano, and Parlier have become the music of "La Casa de Esperanza," "La Casa Suenos," and "El Porvenir."

With the first OEO self-help housing grant to Self-Help Enterprises in early 1965, a unique coupling of Federal resources was accomplished by meshing a little used rural housing loan authority (Sec. 502-Housing Act) with technical assistance monies from the OEO Migrant Division to serve the ill-housed rural migrant and seasonal farmworker. The Farmers Home Administration loan authority allowed for long term, low-interest loans for building homes; and later for purchasing land on which to build the homes. The OEO monies went basically for staff for organizing self-help groups, for assistance in obtaining loans, and for training and professional supervision during the construction phase. Later, OEO monies were used as a land loan revolving fund for the purchase of land. Over the years until the present, refinements have been added to the self-help process, some of them memorized in FmHA and HUD legislation.

To describe the program in capsule: initial contact is made by community workers with individuals and groups in house meetings to familiarize potential participants with the possibility of homeownership. When a group of eight to twelve families are ready to start the long process of individual loan applications and closings take place. This part of the process may take a few months to six or eight months—mainly dependent on bureaucratic processes. If lots are not available, raw land must be purchased and developed. During the construction phase, most of the various skills needed to build houses are learned under the necessity of doing them. Most important is the requirement that each family participant signs a contract with other members of his group to donate thirty (30) hours a week to work on the group homes. On the average, a family's sweat equity in their own home reduces their cost some \$5,000 to \$6,000, and makes the difference in their ability to make the monthly loan repayments.

(In place of taking any more time explaining the process, I have some literature I can leave with the Committee.)

About 1,400 self-help houses have been built in California since the advent of the OEO program, and another 200 are under construction. What started as one project in one county has spread to three projects covering about 20 rural California counties. And further, based on the California experience as a model, there are over 80 states that now have self-help housing projects serving part of the housing needs of the rural poor.

A good part of the success of the program can be attributed to the imaginative staff work and continued support of the OEO Migrant Division. It is therefore with some regret, and a large amount of apprehension, that we note the administration's plans to transfer the Migrant Division to the Department of Labor.

We also find the impending shift as somewhat strange, as the Department of Labor has no accomplished tradition of serving migrant and seasonal farmworkers.

About one and one-half years ago, a well known OEO rural legal services organization threatened to bring suit against the Department of Labor for supporting a specific State Department of Employment. The legal services program felt that this Department of Employment's actions were detrimental to the well-being of farmworkers. In answer to the complaint, the then Secretary Shultz announced a new 20-million dollar program to serve seasonal and migrant workers—with most of the money to be channeled through State Rural Manpower Services—the original target of the complaint. We frankly have no knowledge of the success or failure of this program, but we can surmise that it will be the core of "instant" tradition. More importantly, it will be predictive of the type of program to be funded when DOL absorbs the OEO Migrant Division and budget. On the face of it, we see little chance that the Department of Labor will continue to fund Technical Assistance monies to self-help housing programs in the same manner as its predecessor.

As to other agencies besides OEO Migrant Division, the Migrant Health of HSMHA (HEW) is the only other agency that has a notable record of service to migrants. Unfortunately, this small categorical program is also slated for dismantling and absorption in a general health center program (814e).

As to the "Brave New World" of revenue-sharing, the administration has projected four special revenue-sharing bills: law enforcement, education, manpower training, and urban community development. None of these special bills speak to the problems of rural housing, much less self-help housing.

Our prime desire is to see OEO continue, and within it the Migrant Division. Foresaking that alternative, we would like to see the original mandate of title III-B Economic Opportunity of 1964 carried out by the Department of Labor. Under the original act creating the migrant division, housing services to migrants was mandated and subsequently reinforced in later amendments.

We are well aware of the problems Congress faces with the Executive Branch. We would hope, however, that this subcommittee, using its legislative strength could help insure that the DOL/Migrant appropriation contains language requiring a portion to be spent on self-help housing technical assistance grants.

As some measure of public and political acceptance of self-help housing, Farmers Home Administration has specifically *exempted* self-help housing loans from its present moratorium on subsidized rural housing loans through June 30, 1973. We frankly expect that exemption to continue after that date. Without the companion self-help housing technical assistance money from OEO, however, we could no longer serve our low-income constituency and would have to close down.

It is not uncommon for OEO programs to be criticized for their nebulous product—ours is a *house*, as palpable and lasting as its bricks and mortar.

It is not uncommon for OEO programs to be criticized as a give-away—ours is one where sweat and work are its central core.

It is not uncommon for OEO programs to be criticized as abrasive to local community governments—ours is embraced by counties and cities alike.

It is not uncommon for OEO programs to be criticized as separate and unilateral in their approach—ours has meshed the resources of a number of agencies into a concerted whole.

It is not uncommon for housing subsidy programs to be criticized as fattening the pockets of mortgage bankers and builders—our participants' labor results in reduced costs for housing himself and his family.

And yet, despite this litany of exceptions, we will surely die.

The President recently spoke to the nation of his hopes for the future. He asked the nation to take up the cudgels of self-reliance, and memorialized self-help in flowing terms. It gives one pause to wonder. For yes, we have the label of self-help—and beyond the label we have the reality and accomplishment—and yet with the dismemberment of OEO, we will surely die.

Mr. MARSHALL. My name is Robert Marshall. I appear before you today as a representative of the National Rural Housing Coalition.

The coalition is a national organization with members in all 50 States concerned with the quality of rural housing programs. I am also in another capacity the executive director of the largest self-help housing program in the United States, situated in the San Joaquin Valley of California.

I am also testifying in behalf of other self-help housing programs in California throughout the United States. We are well aware of the expected death and/or dismemberment of OEO. While so many able speakers today have dwelt on the demise of community action programs, I will concentrate my remarks on imminent disappearance of self-help housing through the dismemberment of the mother agency, the Migrant and Seasonal Farmworker Division of the Office of Economic Opportunity.

Congresswoman Yvonne Brathwaite Burke mentioned self-help programs evolving from OEO. Ours has been a self-help housing program for 7½ years. I might say that as Mr. Benitez knows, self-help housing in rural Puerto Rico has done a fine job where they have built some 50,000 homes, and I was privileged along with members of the coalition to go there last year for a meeting, and we toured and visited those rural homes. They really put continental United States to shame in the small number of homes that we have been able to build here.

Yet aided self-help housing, the most unique program of housing here in the Continental United States started some 10 years ago with Casa Manana, a small project sponsored by the American Friend Service Committee in Goshen, Calif.

The nub of self-help housing then as it is today is the determination of farmworkers and families in building their own homes under the tutelage of trained construction supervisors.

I think I will depart from the rest of my three pages of written testimony to say that over the 7½ years the program that I represent has assisted 1,400 families to build and live in their own homes.

Other programs throughout the United States have in total assisted about an equal number and these families are rural, poor families who in no other way would get home ownership. The result of OEO terminating some programs or the intent of the President in trans-

ferring this section of OEO for migrant and seasonal farmworkers to the Department of Labor leaves a totally unknown quantity.

We are in the midst of helping right now 200 families to build. They are under construction or preparing to build. We do not know if the Department of Labor will continue this program. It is like Mr. Miller was saying, here a man can train for the first time to go into jobs where they can earn a decent living, and hold their heads high.

Here families for the first time moving out of shacks, building their own homes, getting confidence in their own abilities, being the head of their household with dignity, and we don't know whether that will stop in a month, in 2 months or in 6 months.

What we ask is that if this transfer of funds does take place and these moneys do go to the Department of Labor, that summer marking made that the self-help housing programs which constitute about a fourth of migrant moneys be continued, that they not be shut down.

I would be glad to answer any questions you may have.

Mr. HAWKINS. Thank you, Mr. Marshall.

Mr. Benitez?

Mr. BENITEZ. Thank you.

Mr. HAWKINS. We appreciate the statement you have made before the subcommittee.

Mr. MARSHALL. Thank you, sir.

Mr. HAWKINS. The next witness is Mr. James Couch, New York State Alliance of Board Members and CAA Directors.

Mr. Couch, will you introduce your associate. My understanding is that you two are sharing the time which was allocated to you.

STATEMENT OF JAMES W. COUCH, NEW YORK STATE ALLIANCE OF BOARD MEMBERS AND CAA DIRECTORS, ACCOMPANIED BY LARRY WELCH

Mr. COUCH. Yes, Mr. Chairman, I have to my right Mr. Larry Welch, who is from Schenectady. I will and have made my presentation short so that it can be incorporated with his presentation so that it might allow any time that would be required to answer any questions.

Mr. HAWKINS. Your statement will be entered in the record at this point in its entirety.

[The document referred to follows:]

STATEMENT OF JAMES W. COUCH, CHAIRMAN, NEW YORK STATE ALLIANCE OF BOARD MEMBERS AND CAA DIRECTORS

Congressman Hawkins, it is indeed an honor to speak before your subcommittee today, representing the 43 Community Action Agencies throughout New York State.

On January 20-30, over 300 members of our organization met in Albany, New York, to discuss plans to communicate our strong belief that Community Action Programs have been a genuine asset in meeting the needs of the poor in New York State.

We resolved that our Congressmen, local supportive organizations, our constituents, the news media, local officials and other organizations and groups impacted by the proposed reorganization of OEO, should be made aware of the following critical facts:

1. The President's *impoundment* of funds, means that CAA's will be forced to undergo reduced funding, and for some programs no funding, while the Presi-

dent attempts to force Congress into the passage of a special Revenue Sharing Bill.

2. Reorganization means that there will no longer be visible advocates for the poor in Washington as OEO was intended to be. It also means that the very functions of OEO would be buried under additional layers of Federal bureaucracy.

3. CAP's would be *forced* to play partisan politics, making the poor scapegoats for divisive political purposes.

In addition we indicated that as *successful* CAA's, we stand to lose the following:

1. *Community participation* in the total decision making process;
2. *Redistribution of authority, self-help, self-control*;
- 3a. A long history of proven ability in *fiscal accountability*;
- 3b. *Audit procedures* and reports that are available to the people;
4. A long history of successful efforts in reporting *requirements*;
5. *Guaranteed participation* of the poor and representative community groups in the planning process;
6. CAA's have used the money in the *spending time limits* to relate to the immediate needs of the community;
7. Provide equal employment—anti-discrimination, work effort opportunities without politics and punitive Civil Service exams;
8. Training for staff—upward mobility—career development;
9. Accounting for funds—opportunity to bank locally and use minority banking institutions;
10. Head start mothers—parental control in the education of their youngsters—opportunity to return to work and gain pride, dignity, and self-respect.

These were a few of the many productive achievements that have been and/or are being made by CAA's, to move poor people closer to the American economic and political systems.

We are well aware of the fact that the Administration is measuring Community Action Programs *by* business standard! whereas the War and Proposed Peace in Vietnam is measured *for* business standards.

For all of the previously stated reasons, the alliance of New York State presented our views and plans to NACD and the National CAP Association in Washington on January 30, 31 and February 1st, 1973, to sponsor a *National Mobilization for Domestic Unity* on February 20th, to bring together coalitions and constituencies of poor people from every Congressional District in these United States.

The purposes:

We have to alert our Congress because we believe that the War on Poverty must be accelerated and that Congress declare the elimination of poverty the number one priority of the nation;

We must support our elected officials in Congress in order to implement this goal and insure funding which is earmarked under the EOA Bill of 1972;

To insure that *our* Agency committed to this purpose, OEO, remains in Washington to carry out this goal;

That the War on Poverty remains under the direction and control of Congress, to meet the needs of the people, in a manner that thereby reflects a government for the people;

That it remains a *declared* and *allocated* national commitment to the poor people of the United States, until the country reflects that we *can* have *peace* with honor when the War is won;

This mobilization effort and all of its companion parts will serve to restate our confidence in the eradicability of poverty as a dynamic force for reform in the United States.

In every generation they have reminded us that poverty is shameful—to those who suffer, and society that allows it to exist.

This generation feels the future of the disadvantaged *must* and *will* be fought for, especially poor youth who stand to be robbed of their childhood and will not listen to reason and persuasion.

To you Congressman Hawkins, and members of your subcommittee, I reaffirm that in New York State we will not assume a passive role in the Administration's present plans concerning OEO. We are too viable to do that. We have a collective constituency that is organized, active in their respective communities, with a sense of urgency and a strength of purpose that will simply not disappear in a

puff of smoke. I want Congress to understand that our people have been busy learning the techniques of political struggle, learning how power operates, and we have grown sophisticated in the application of these techniques.

We ask you to not allow the present Acting Director of OEO to be.

We also ask that insecurity, insufficiency and the spectre of uncertainty that CAA's still suffer from, be given realistic attention by Congress to assure that, with or without executive commitment, the concepts ingrained in existing poverty programs will continue to be directed by the poor.

In summary, I would like to close with a quote from Jane Adams—"You know the poor, if you take the pains to know them . . ."

I thank you for allowing me the opportunity to shed some light on this subject.

Mr. COUCH. Mr. Chairman, it is indeed an honor to speak before your subcommittee today. I do represent 43 community action agencies throughout New York State.

There are any number of figures related to the number of board members and number of staff people who are involved in those agencies. But I come to you today because I want to tell you what we are doing to relate to our concern which we understand very assuredly is now your concern.

On January 26 through 30, over 300 members of our organization met in Albany, N.Y., to discuss plans to communicate our strong belief that community action programs have been a genuine asset in meeting the needs of the poor in New York State.

We resolved that our Congressmen, local supportive organizations, our constituents, news media, local officials, and other organizations and groups impacted by the proposed reorganization of OEO should be made aware of the following critical facts:

The President's impoundment of funds means that CAA's will be forced to undergo reduced funding, and for some programs no funding, while the President attempts to force Congress into the passage of a special revenue sharing bill.

Reorganization means that there will be no longer be visible advocates for the poor in Washington as OEO was intended to be. It also means that the very functions of OEO would be buried under additional layers of Federal bureaucracy.

CAP's would be forced to play partisan politics making the poor scapegoats for devisive political purposes.

In addition, we indicated that as successful CAA's we stand to lose the following:

1. Community participation in the total decisionmaking process.
2. Redistribution of authority, self-help, self-control.
3. A long history of proven ability and physical accountability.
- 3(b). Audit procedures and reports that are available to the people.
4. Long history of successful efforts in reporting requirements.
5. Guaranteed participation of the poor in the representative community groups in the planning process.
6. CAA's have used the money and spending time limits to relate to immediate needs of the immediate community.
7. Provide equal employment antidiscrimination work effort opportunities without politics and punitive civil service examiners.
8. Training for staff upward mobility and career development.
9. Accounting for funds opportunity to bank locally and use minority banking institutions.
10. Head Start mothers parental control in the education of their youngsters opportunity to return to work and gain pride, dignity, and self-respect.

These were a few of the many productive achievements that have been and are being made by CAA's to move poor people closer to the American economic-political system. We are well aware of the fact that the administration is measuring community action programs by business standards, whereas the war in Vietnam and proposed peace is measured for business standards.

For all of the stated reasons, the Alliance for New York State presented our views and plans to NACD and CAP Association in Washington on January 30, 31, and February 1, to sponsor national mobilization for domestic unity on February 20 to bring together coalitions and constitute unities of poor people from every congressional district in these United States.

The purposes we have to alert our Congress, because we believe that the war on poverty must be accelerated and that Congress declare the elimination of poverty the No. 1 priority of the Nation.

We support our elected officials in Congress in order to implement this goal and to insure funding which is earmarked under EAO bill of 1972 to insure that our agency committed to the purpose OEO remain in Washington to carry out this goal, that the war on poverty remains under the direction and control of Congress to meet the needs of the people in a manner that thereby reflects a Government for the people, that it remains a declared and allocated national commitment.

I understand allocated, to the poor people of the United States until the country reflects that we can have peace with honor when the war is won. This mobilization effort and all of its companion parts, and I may inject at this point that companion parts mean that the mobilization will take place constantly throughout the Nation until we have assured ourselves that those areas and concerns that we have are being addressed.

Simply stated, that means that we will be impacting States, county seats, et cetera, and we are in a supportive role with Congress to assume their rightful responsibility.

We are talking about reinstating our confidence in the irradicability of poverty as a dynamic force for reform in the United States.

In every generation, they have reminded us that poverty is shameful that those who suffer and a society that allows it to exist. This generation feels the future of the disadvantaged must and will be fought for especially for you to be robbed of their childhood and not listen to reason and persuasion. To you, the subcommittee, I reaffirm that in New York State we will not assume a passive role in the administration's present plans concerning OEO.

We are too viable to do that. We have a collective constituency that is organized, active in their respective community, with a strength of urgency and strength of purpose that will not disappear.

I want Congress to understand our people have been busy learning the techniques of political struggle, learning how power operates, and we have grown sophisticated in the operation of these techniques.

We ask you to not allow the present acting director of OEO to be. We also ask that insecurity, insufficiency and the spector of uncertainty that OAA's still suffers from, be given realistic attention by Congress to assure that with or without executive commitment, the concepts engrained in existing poverty programs will continue to be directed by the poor.

In summary, I would like to close with a quote from Jane Adams from a long period of history: "You know the poor if you take the pains to know them."

I thank you for allowing me the opportunity to shed some light on the subject.

Mr. HAWKINS. Thank you, Mr. Couch.

Mr. Welch, I think that you are going to continue the statement.

Mr. WELCH. Thank you, Mr. Chairman, and members of the subcommittee.

My name is Larry Welch and I am here representing the Schenectady mobilization for domestic unity which is one facet of the overall mobilization which is going on right this minute around this country.

My remarks are specifically directed toward the situation in Schenectady, and I must emphasize that our concern is not just with community action because I am sure you realize full well that the impact goes far beyond just the community action.

My purpose for requesting time is twofold. First, I want to state emphatically what I feel will be read in Congress, failure to act, to act in the face of the constitutional crisis the President's budget presents to us.

If the U.S. Congress does not act quickly to prevent the President from dismantling OEO, you will be guilty of a cruel crime allowing poor people to be punished for not supporting the reelection of Richard Nixon.

Our communities are being victimized by the cruelest and the oldest of all political games, to the victor go the spoils.

In the name of humanity and common decency, don't sit by and let poor people be missed over while Congress fights for control of the Federal budget.

Second, and with less emotion and more logic I want to spell out what the proposed budget will do to the effort in our community.

The community action program in Schenectady is making a number of significant contributions in Schenectady, but more important are the services that do not show on the tally list of accomplishments.

In the field of education CAP has worked with Union College in the local public school system to improve the quality of education of the low-income people. CAP has helped to find scores of jobs for people by working closely with the chamber of commerce and the General Electric Co.

We have been instrumental in the development and expansion of neighborhood facilities as well as assisting in comprehensive health plans which includes the needs of the poor.

The list could continue, but suffice it to say the role of advocate for the poor is one that is taken seriously by the community action program in Schenectady and it is a role we are unquestionably qualified to play. The concern over the proposed Nixon budget is not just another partisan political error, a wildcat trick of sorts by some bureaucrat whose job is being threatened.

The proposed budget will punish upper- and middle-income families by cutting many Federal contributions to higher education, public libraries, et cetera.

The proposed budget will punish low income people by erasing valuable programs, urban renewal programs, health care programs, to

name a few. There is little consolation to be found in the President's proposed revenue sharing by means of supporting local communities in this area of fending for ourselves.

Nowhere has it been proposed that revenue sharing will even approach the amount or kind of final support which our communities now receive. And where has Congress been during the current uproar over withholding of financial support for human services?

Congress has been fighting for its own legislation situation in the eyes of the press and public.

A sorry state of affairs for men and women rightfully employed with responsibility for legislating funds for human services.

If we are to assume the worst, the passage of the proposed budget, a city like Schenectady, N.Y., will be effected in the ways listed in the next section.

If we are not to acquiesce, these severe budget cuts are too much to stomach; then we must gather our forces to take the strongest action we are able to muster.

The Schenectady committee for domestic unity has chosen the latter course. The committee's choice to participate in the national mobilization for domestic unity, reflects the belief that massive support for Congress will effect the faith of the programs and the principles we believe in.

The committee believes that individual organizations in Schenectady can effectively contribute to this support for you, the elected officials.

This next section deals specifically with how things will be effected in Schenectady. Many programs in Schenectady would be cut out completely. Others will be cut in more subtle ways.

Program cuts that can be itemized are listed below. Emergency Employment Act, \$160,351. The city has been receiving funds to increase city employment and will lose 42 job sites including 18 teacher aides, 1 teacher, 2 building inspector aides, 5 night watchmen for housing projects, et cetera.

CAP would end its operations not later than December 31, 1973, although since I wrote this, I found out when I go back there will be no more CAP.

We would lose \$33,500 for five county training grants from OEO for boards and staffs; \$23,000 for human services planning council through tricounty social planning grant; \$50,000 through tricounty planning grant; \$23,000 for legal efficacy for women grants we got from OEO; \$45,000 for food and informational delivery system for senior citizens; \$208,000, the Capital District Health Maintenance Organization submitted a proposal to plan construction for three comprehensive health facilities in the area.

Under this program supported by General Electric and many other organizations, prepaid members plus a number of reduced memberships for the poor will be covered for all health care from babies to senior citizens.

The proposal cannot be funded under the President's plan. Besides, loss of the planning grant new construction funding has been eliminated. The first facility would have been in Schenectady. The legacy of parks program is an integral part.

Unless revenue sharing restores some of the funds, the city will lose the following:

Two hundred fifty thousand dollars for inner city parks. Thirty thousand dollars for new parks in the section of Schenectady known as Woodlawn and another \$13,500 in miscellaneous categories.

In regard to schools, the President will recommend dramatic changes in educational funding in the near future.

Unofficial indications is that much less money will be included in 1978. The following money will be lost to Schenectady: \$23,000 for library materials under ESEA title II; \$9,500 under language programs and equipment; \$45,000 for aid for school district for children of military personnel.

Other programs which would be effected are alcohol rehabilitation programs for which Schenectady community action program is a guarantee.

They will lose secretarial and bookkeeping services. The same applies to Headstart program. The Schenectady County Public Library will lose additional funding for Mohawk Valley Association.

Union College will lose \$600,000. Union College Library, that is, for a proposed addition to the Schaefer Library. Schenectady Community College will lose \$5,000 under ESEA title II for Federal library money.

Information is not yet available on many other programs. However, the following programs, of course, will be seriously affected. Medicare—senior citizens will pay more for hospitalization under the new budget. The average cost of 13-day hospital stay will jump from \$72 to \$200.

There are 19,173 persons over 65 in our area. In Schenectady the urban renewal agency can be recertified and submit application by June 30, 1978, and receive funding for one more year.

All of the money for rehabilitation loans has already been lost. Neighborhood Youth Corps provides job training for youngsters in school and out.

The Youth Corps in Schenectady employs six full-time staff. I won't detail all of the rest of the programs which I have outlined.

Mr. HAWKINS. Mr. Welch, may I interrupt for a minute and yield the time at this point to the distinguished chairman of the Education and Labor Committee whose efforts in this field have been outstanding. We would like to recognize him and have him make a statement, and I will get right back to you as soon as he has concluded.

Mr. WELCH. I would be more than happy to yield.

Chairman PERKINS. Thank you very much, Mr. Chairman.

I simply want to observe that we have problems in connection with all of the social programs this year. I think we all realize that it is important that we all do everything in our power to preserve good programs. I personally feel that these hearings Mr. Hawkins is in charge of could not be in more able hands.

I am in favor and I will support Mr. Hawkins all of the way in all aspects of the program. The training programs to my way of thinking have worked out wonderfully well. We will do everything in our power to preserve the community action agencies and all of the other programs.

I think it won't take much of your time to develop a case here that we can present to the House of Representatives.

I will assist in every way I can. The only reason I haven't been here is because I am conducting my own hearings upstairs on the Secondary Elementary and Education Act. I got here before the subcommittee

convened yesterday. I was going to make a statement at the outset, but we have the great leadership that Congressman Hawkins can give this program.

We will be available on all occasions to conduct oversight hearings likewise. We are going to do our darnedest to protect the entire Economic Opportunity Act. I personally feel that the House of Representatives will respond positively, and we are going to fight on and on to make sure that these good programs that have worked out so well don't go down the drain.

Thank you, very much, Mr. Hawkins, for permitting me to make this statement.

Mr. HAWKINS. Thank you, Mr. Perkins.

The chairman of the committee has stated his views. I certainly want to say that we appreciate that support because we know that when legislation goes to the full committee, your influence with the full committee will be invaluable assistance to the chairman of this subcommittee.

I appreciate this opportunity of having you address this group and the witness for having given us this time.

Mr. BENITEZ. Mr. Chairman.

Mr. HAWKINS. Mr. Benitez.

Mr. BENITEZ. I would like to say before our distinguished chairman leaves the room, how gratified I am, and I am sure every member of this committee is, by his statement, by his presence, by the fact that we have Mr. Hawkins as the chairman of this subcommittee, and by the awareness that in the coming time we might all gain the insight that deserves to be serving this program, while we hopefully believe that the fight begun here will succeed in the House and throughout the Nation.

Thank you, very much.

Chairman PERKINS. Let me say that I look forward to going to Puerto Rico and visiting in that area and I know how badly these programs are needed down there in Puerto Rico. We will all work together to insure the survival of these programs.

Mr. BENITEZ. Thank you, sir.

Mr. HAWKINS. Mr. Welch, would you continue, please?

Mr. WELCH. I will forgo the rest of my prepared statement. I would like to make a comment though in addressing myself to the impact of the special revenue-sharing legislation where it passed in a city like Schenectady, which is not a big city, yet it is a city where we have had an administration with funds available for the past 4 years from HUD to build low- and moderate-income housing.

This has not been done, because it is not deemed politically acceptable for city council to decide to move poor blacks and poor whites out into other areas of the city. So we have had no housing built for the past 4 years in Schenectady.

I think that this gives us a pretty good indication of where things would be, even if the special revenue sharing were passed unless there is specifically earmarked funds for various programs.

That is about all I had to say. I want to thank you for this opportunity.

Mr. HAWKINS. Mr. Welch, yesterday a representative of the Department of Labor, Mr. Paul Fasser, made the statement that an amount

in the neighborhood of a billion dollars had not been expended under the emergency employment program for the purpose for which the Congress had enacted this law and that this money would be available for summer programs for youth.

For a city such as yours which has experienced, I am sure, some unemployment, how do you view such a withholding of funds from the unemployed of your city, and its possible use for a purpose other than that for which it was originally intended?

Mr. WELCH. Well, Mr. Chairman, I have rather strong feelings about the purpose of the administration in springing loose that amount of money during the summer.

I think they must be well aware of the impact of the President's budget on problems in the inner-city and problems in cities like ours in terms of kids on the streets. Perhaps this is just a plum thrown out to communities around the country during the hot summer months to try and get around some of the problems that even they have foreseen.

Mr. HAWKINS. Do you think that your city will be able to supplant these funds? In the event of so-called revenue sharing, would the city be able to meet its obligations, not only in anti-poverty programs, but also in the other areas in which the cuts are being made?

Mr. WELCH. To date, the city has not met its obligations to poor folks, even with money that has been specifically available to do that. I see no way that there will be a general turnaround in that policy when the money is even less earmarked.

Mr. HAWKINS. Mr. Couch, I assume the State alliance which you represent is an alliance of the community action agencies throughout the State of New York. Is that correct?

Mr. COUCH. And board members of those agencies.

Mr. HAWKINS. In view of the fact that these community action agencies in many instances do represent governmental agencies, or they were certainly created by, and are very close to governmental agencies, would you say that, in effect, local officials are already involved with community action agencies, and that they, in a sense, agree with the position that you are taking?

Mr. COUCH. Local officials are definitely involved. In terms of agreeing with the position that we have taken, we did not break it down and try to identify specific representation. We did it as a mass body, and representation was there when this resolution was passed and accepted by the mass body.

I think the facts have to reflect that there are many local officials who, for some reason or another, have not exercised directly their responsibility of membership on boards, be they either in State or local.

But, their representation is certainly noticeable, and it has been involved as far as I know since 1968, which is what I can account for, and has been represented in the State alliance.

So, we assumed that everyone is concerned, and we have also asked all of the coalitions around the country to approach their local officials and have them to lead delegations into Washington in support of Congress to see that this separation of power is returned to the Congress.

Mr. HAWKINS. May I also ask whether the alliance has explored legal action which may be taken to restrain the action of the President.

Mr. COUCH. Absolutely.

Mr. HAWKINS. You are at the present time exploring such legal action?

Mr. COUCH. We are not only exploring legal action, but we are also developing proposed legislation in terms of recommendations that will be brought forth within the next week.

Mr. HAWKINS. The committee would appreciate being kept informed of developments in this area and supplied with any information that you think would be of value to us.

Mr. COUCH. Thank you.

Mr. HAWKINS. Mr. Benitez?

Mr. BENITEZ. No questions.

Mr. HAWKINS. Thank you, Mr. Couch and Mr. Welch for your very fine testimony.

Mr. COUCH. Thank you.

Mr. HAWKINS. The next two witnesses are together, Mr. Dan Bonetti, Iron River, Mich., and Mr. James Cossingham, CAP director, Battle Creek, Mich. I think we do have prepared testimony which you presented to the committee.

The statements will be entered in their entirety in the record at this point, and we would appreciate it if you would summarize from the statements and proceed if you so desire.

[The statements referred to follow:]

STATEMENT OF DANIEL JAMES BONETTI, EXECUTIVE DIRECTOR, DICKINSON-IRON
COMMUNITY ACTION AGENCY, IRON RIVER, MICH.

I have had the honor of being selected to testify before this Committee on behalf of rural Community Action Programs and the tens of thousands of poor people whose first contacts with the body of American society are being threatened by the Administration.

My testimony is based on eight years of anti-poverty efforts by six Community Action Agencies in the Upper Peninsula of Michigan. Let me give a brief description of the area and the six agencies.

The Upper Peninsula of Michigan is comprised of 15 rural counties with a population of 304,347 people.

In an area of 16,980 square miles with a population density less than 18 persons per square mile, there is no public transportation. The county seats which house the few public services available are often as much as 80 miles away from outlying villages.

Mining, once the mainstay of the economy of the entire area, has been severely cut back in recent years. Other economic resources such as forest industries and tourism are highly seasonal. This situation has resulted in an unemployment rate currently at 10.4 percent, which is more than double the national average, and as high as 20 per cent in individual counties. This situation has also meant that out of 304,347 people, 43,974 live in poverty. Many more exist just above the poverty line. According to the *Michigan State Economic Record*, the 15 counties of the Upper Peninsula have proportionately twice as many persons receiving categorical assistance as the rest of the state.

In eight years, six Upper Peninsula Community Action Agencies have established themselves as the prime movers in the attempt to mitigate both the cause and effects of these depressed conditions.

First and most important, the CAAs have provided outreach services to the poor and disadvantaged *where they live*. Thirty-seven workers themselves hired from the low-income population, assist, refer, and counsel as many of the 43,974 poor people as they are able. Services of other traditional, old line social agencies are geared to the walk-in client, while those most in need *have* no transportation. Consequently, most referrals made to these out-reach services come from social agencies not equipped to meet specific needs of the poor.

Second, the CAAs have within their agencies provided extensive employment opportunities. While the income from these jobs has not been sufficient to eliminate poverty, they have appreciably helped hundreds of poor families. One of

our agencies sent our 489 W-2 forms this year; 430 went to families below the poverty line.

Third, in an area where grantsmanship ability is a rare skill, the six Upper Peninsula CAAs have supplied invaluable expertise which has resulted in a variety of needed programs benefiting the poor and their communities in the areas of housing, education, health, training, and economic and industrial development.

Over the past weeks, numerous charges have been leveled by the Administration at the Office of Economic Opportunity and Community Action Programs. Chief among these charges has been that Community Action has failed in its goal of reducing poverty; that its mission of bringing about institutional change directed at more humane treatment of poor people has from the beginning been misguided and has created a separate but unequal segment in American society.

In order to refute these charges, I am going to cite some significant program accomplishments of the six Upper Peninsula CAAs. Please remember that these examples are representative and by no means are a complete list of these agencies' efforts. Similar evidence is available from rural Community Action Agencies across the nation.

HOUSING

Neighborhood Community Centers

Two of our Community Action Agencies prepared and processed applications resulting in Neighborhood Facilities Grants in the amount of \$643,000 to finance 75 per cent of the cost of two Community Centers providing services to the poor and general public.

In the areas of public housing, both for family units and housing for the elderly, the Community Action Agencies have been instrumental in the forming of city and county housing commissions. In the last five months of 1972, applications were submitted to HUD for 543 units and applications were in process for an additional 225 units. Previously approved by HUD and ready for construction are an additional 110 units.

In September of 1970, 13 Indian and two white families moved into brand new public houses at Watersmeet—deep in the northern forests of Michigan. They marvelled over running water and electric lights. That wonderment was made possible because the local CAP director cajoled people and organizations and agencies for more than four years. He never gave up. On the day of dedication, August 29, 1970, the Bishop of the Catholic Diocese of Marquette, who had donated the land, praised the efforts of the CAP agency and its director. For the first time in its history, this tiny band of Chippewa Indians had decent housing.

Manpower

For the past four summers, fifteen separate colleges and universities were mobilized to provide 1,152 summer jobs for college students from low income families in their local communities.

One of our CAPs successfully arranged to administer the Public Employment Program for the two counties it serves. As a result, 41 people were employed in public service positions including teacher's aides, police, heavy equipment operators, assessors, and rural government liaison and planning officers. CAP involvement provided thorough screening of participants to ensure eligibility. Fifty-five per cent of those persons were employed full time within the first ten months, thus allowing for additional employees to enter the program. The program provided \$302,000 in federal funds plus an additional \$30,000 of local cash to help stimulate the local economy.

For a number of years the rural Upper Peninsula CAPs have acted as the delivery agents for the Neighborhood Youth Corps program. Last year, for example, 1,385 young men and women took part in the program. There are very few job opportunities for teen-agers in the Upper Peninsula, especially for those from low-income families—the ones who really need a paycheck—no matter how small. It gives us great satisfaction to report that our administrative costs are far less than those allowed—only 14.5 per cent as compared to the allowable 35 per cent. The administrative savings provided additional job opportunities for many more eligible youngsters. Youngster after youngster credits the program with keeping them in school.

A two-county CAP operates an Operation Mainstream program which has served 200 persons per year over the past five years and a minimum of 80 persons have obtained permanent jobs as a result of participation in the program.

TRANSPORTATION

A rural CAP in the Upper Peninsula has been operating a senior citizen bus service for the past eight months. With one seven-passenger bus in operation, the service is providing an average of 150 rides per week and is operating at peak capacity.

Recognizing the fact that senior citizens in the county live at or below poverty guidelines, they cannot purchase transportation.

Requests for rides are in excess of those that can be provided on many days of the week, leaving the aged without any service.

The seven-passenger bus will continue to provide poor, isolated senior citizens rides to doctors' offices, food stamp centers, and other services otherwise unavailable only if the CAA survives.

A two-county CAP initiated and operates a transportation system for assisting rural poor in obtaining services available only in population centers. In 1972, this transportation system provided 6,866 rides for poor people to human services that would otherwise have been inaccessible.

EDUCATION

Our six rural CAP Programs have administered Head Start projects which last year enrolled 981 children from low-income families and employed 185 persons, a majority of whom were hired off the welfare rolls or met low-income criteria at time of employment. The national funding of the Head Start Program is not in jeopardy at this moment; however, without the vehicle of rural CAPs to ensure compliance with the guidelines and philosophy of Head Start, as an advocate of the poor, past program success could be lost in the future.

We, in community action activity, have always been aware that education is one of the greatest needs of poor people. To promote adult and remedial education, we consistently mobilized resources for and supported the Community School concept which now has lighted the schools at night in almost every area of the Upper Peninsula. As a specific example, I can recall Community Action outreach workers recruiting night school students from door-to-door. Last year Community Schools had 3,170 adults enrolled in credit courses, 9,971 enrolled in non-credit courses and saw more than 500 adults receive their high school diplomas. The Community Action mission in all this? . . . to make certain of the opportunity for involvement of low-income people.

MOBILIZATION OF RESOURCES

At no expenditure of funds but with donations from private sources, an Upper Peninsula CAA provided installation of five miles of power lines and wired 17 homes to provide electricity to an Indian reservation which had been using kerosene lamps for almost 100 years.

As a result of the electrification, the agency assisted in the installation of wells to provide a water supply. It also solicited and received donations of electrical appliances for all of the Indian families in need.

Through grants from HEW, OEO, Michigan Commission on Aging, the Michigan Department of Social Services, and contributions from private citizens, service organizations, and other private and public agencies, the CAAs developed and presently operate 19 centers to provide a multitude of services to senior citizens including transportation, telephone reassurance, recreation, shopping and medical screening.

ECONOMIC DEVELOPMENT

In 1971, a sewing cooperative was formed by seven low-income women who wanted to learn sewing. By April, 1972, the co-op had established itself as a Michigan corporation, with contracts from major national chains for leather goods. The original seven people are now owners of a private business.

In a two-county area, devastated by the shutdown of the mining industry, the sole economic resource of the region, the Community Action Agency has been instrumental in the development of a tourist and recreation industry. Each year for the past four years, some 50 senior citizens aged 55-90, have been employed as tour guides. Over four summers, 400,000 tourists have been exposed to promo-

tions for the recreational advantages of the area. The result of this CAA program has been a major upsurge in the tourist industry in the two counties.

In another of the Community Action areas, over \$3 million has been funded to the local municipalities and governmental units for the construction of industrial parks, water and sewer projects, and provision of other public works needed to attract industry to the area.

HEALTH

Over three years, the CAP dental care programs, covering seven of our counties, have provided 10,500 low-income children with complete dental care.

In three years, over 4,100 children have been provided application of topical fluoride through the CAP agency in cooperation with the Michigan State Department of Public Health.

The Upper Peninsula CAAs have been responsible for the development, funding and spinoff of three sheltered workshops in Iron Mountain, Menominee, and Hancock and have served over 200 mentally and physically handicapped adults.

Mobile Medical Unit

In the eastern end of the Upper Peninsula, we have an innovative health screening program called the mobile medical unit. It is a small self-contained clinic with two examination rooms, a reception room, a dressing room, and a laboratory.

The main purpose of this unit is to bring health screening tests to poor people in isolated rural areas who otherwise would never see a doctor unless they were deathly ill. In the nine months ending February 2, 1973, this unit screened a total of 1,247 patients in more than 30 communities in the five eastern counties of the Upper Peninsula, including six Indian communities. Of this number screened, 30 percent were referred to doctors for further examination and treatment.

This unit is operated under a five-way coalition of interests which have the same aims. One is the Community Action Agency, which has the outreach to identify those people in isolated areas who may be most in need of health screening. Then there is the Michigan Department of Public Health, which provides laboratory services for the tests. The local health department provides the personnel, office space, and record-keeping procedures. The county Department of Social Services provides the cost of follow-up health care for those who cannot pay for it. And finally, the practicing physicians and hospitals provide the necessary medical care for those referred to treatment.

CONCLUSION

In conclusion, the Community Action Programs that have been previously described in this testimony are the *result* of local people meeting together to discuss the needs and problems being faced by the poor and disadvantaged in local communities throughout our region. The Community Action Agencies have provided a viable vehicle for these needs and problems to be effectively dealt with. Without the existence of the vital community action concept and the Community Action Agencies as a part of this nation's War on Poverty, many of the programs referred to and others might well not have been implemented. Now that our nation has achieved "peace with honor" can we do no less than continue the opportunity for "life with dignity" to our nation's poor? The Economic Opportunity Act came into existence in 1964. Indeed one of the underlying reasons for the establishment of local Community Action Agencies was the inability of the old line agencies to launch a coordinated mobilization of resources on the needs and problems which existed.

The present administration feels that Community Action has failed to reach its goal in reducing or eliminating poverty. I would submit to you that a prime concern of Community Action has been its frustration in more rapidly changing a system which has for so long neglected its disadvantaged. The elderly who participate regularly in the senior citizen activities in the 19 centers that are established in the Upper Peninsula, do not, I know, feel that the Community Action Programs have failed. The physically and mentally handicapped participants of the three sheltered workshops who daily manufacture products for sale in the Upper Peninsula, do not, I know, feel that the Community Action efforts have failed. A vast number of elderly and low-income residents who in the first time of their lives live in a decent home, I do not feel that the Community Action Programs have failed.

The administration's notion that the Community Action Agencies have fostered the separation of one segment of our society is a charge without basis. The Community Action concept has, on the contrary, brought a large segment of our population—the poor—into the system in a way which enables them to make their voice heard in the establishment of programs benefitting their lives.

The essence of Community Action, in fact, has been in its accountability to its constituency—the poor of our nation. It has brought together, by law, the public sector, the poor and other concerned groups and organizations to make significant decisions about the expenditure of tax moneys for the economic and social benefit of the disadvantaged. No other federal program in this century has so successfully extended the dream of democracy to the people on the lowest rung of the economic ladder, as has the Economic Opportunity Act. While other Congressional acts have mandated citizen participation in the decision-making processes, particularly the participation of those who benefit from the programs, it has been the Community Action Agencies at a local level who have insisted that the intent and the letter of those laws be enforced, particularly concerning the right and responsibility of the poor and disadvantaged to participate meaningfully in decisions which significantly affect them and their children's lives.

The Community Action Agency, under authority of the Economic Opportunity Act, has in rural and urban communities across the nation served as a catalyst to mobilize resources on behalf of the poor. I submit to you that with the dissolution of Community Action Agencies, if that were to occur, that there will again be no voice in our federal system for a large segment of our population.

We very strongly feel that the continuation and expansion of the Economic Opportunity Act and the Community Action Agencies are necessary in order to provide the poor and disadvantaged with a continuing voice in the development of self-help opportunities to ensure that all Americans can, in fact, participate and move toward a more decent existence.

Managerial Development

a. Development of management system, including quarterly goal and progress reports and management information systems.

b. In-service training—training has been initiated for all staff people in the following areas:

1. management by objectives
2. grant application process
3. interagency operating processes

c. Specialized Training—specialized training has been accomplished for the following:

1. CAA Board of Directors
2. Head Start Policy Council
3. Parents of the mentally handicapped
4. EF&M Policy Council
5. Teenage Mother's Policy Council
6. Neighborhood Center Advisory Councils
7. Head Start staff
8. CAA Manpower Specialist
9. CAA Housing Specialist
10. CAA finance clerk
11. Foster Grandparent Director
12. Neighborhood Youth Corps Director
13. Head Start Parent Coordinator
14. Rural Outreach aides
15. CAA Action Center Director
16. Deputy Director
17. Executive Director

Career Development

a. Implementation of career development plan for 10 staff.

b. Staff enrollment in both local colleges.

c. Staff participation in courses, such as speed reading, psychology, and sociology, to increase their consumption of agency material and the quality of services that they provide.

Program Development

The following projects have been developed during the past year:

a. Pilot Emergency Food and Medical Program (4 Community Action Agencies participated)

- b. Neighborhood Youth Corps Out-of-School Program
- c. Neighborhood Youth Corps In-School Program
- d. Emergency Employment Act positions
- e. Foster Grandparent Program
- f. Summer Feeding Program
- g. Manpower Development Program
- h. Public Service Careers Program

In addition to the above developed programs, the following programs were expanded during the previous year:

- a. Teenage Mothers Education Program (from 81 to 168 participants)
- b. Neighborhood Youth Corps Out-of-School Program (from 5 to 8 participants)

Evaluation

Through OEO's increased emphasis on evaluation, the following evaluative systems have been incorporated:

- 1. Formation of a CAA Board Evaluation Committee
- 2. establishment of Advisory Councils to monitor and evaluate program components
- 3. development of quantifiable quarterly goals and objectives
- 4. review and evaluation to determine achievements of #3 above on a quarterly basis
- 5. annual staff evaluations
- 6. 5 months and 12 months Program Progress Review (PPR)
- 7. Continuous evaluation of the availability of local, state, and federal resources.

Barring any unplanned disruption of Calhoun Community Action Agency, it appears that the CCAA will provide more than 8,491 units of anti-poverty service planned for this year. (Figures do not include referrals to other agencies.)

CONDUCT AND ADMINISTRATION

Program Administration

To provide overall direction to all programs and accounts operating through the auspices of the agency. This direction includes financial accountability, research, managerial development, program development, coordination of efforts within the agency, promotion of positive community relations with other agencies and the general community at large. Program administration also includes career development, evaluation of programs, and staff performance, and making those changes which ensure maximum effectiveness and efficiency.

Resource Mobilization

The total amount of local, state, and federal resources mobilized in program year F above and beyond our standard annual programming (i.e., Head Start, 01, 05, and Legal Services) was \$789,106. The total number of programs operated by, or through, the agency showed a growth factor from 5 to 17 programs, or over 300%, between November 1, 1971, and October 31, 1972.

Interagency Coordination

Periodic staff training requiring project directors to explain their various program activities has lead to increased referral within and between CAA program components, resulting in increased services to program participants.

Community Relations

a. Intra-agency relations—through our catalytic role, intra-agency planning and coordination has resulted in the following:

- 1. the formation of a Local Council on Aging
- 2. the formation of the County Housing Research Committee
- 3. the initiation of Affirmative Action Programs within local governments.
- 4. the formation of an action-oriented parent organization for the mentally handicapped
- 5. the provision of technical assistance to the Interagency Coordinating Council on Development Disabilities
- 6. involvement with the Ancillary Manpower Planning Board
- 7. involvement in the County Economic Development Advisory Council
- 8. involvement with the South Central Michigan Health Planning Council
- 9. involvement in the Law Enforcement Administration Board (LEAA)
- 10. involvement on the Governor's Health Task Force

11. technical assistance to the local Spanish-American Association
12. joint participation in program activities with the following agencies :
 - a. Family and Children's Services
 - b. Calhoun Intermediate School District
 - c. Battle Creek Area Urban League
 - d. Cooperative Extension Service
 - e. Battle Creek Council of Churches
 - f. Legal Aid Society of Calhoun County
 - g. Coldwater State Home and Training School
 - h. City of Battle Creek
 - i. City of Albion
 - j. Kellogg Community College to name a few.

b. Public Relations—Publicity

A major effort has been initiated in utilization of the news media to inform the community of activities affecting the anti-poverty effort, and to tell the CAA's story. During the past year we have had 313 articles printed in the local newspapers. In addition, one local radio station allocated a 6-minute time slot once a week to the CAA for a period of 8 months (192 minutes of air time). Also, local television stations (WKZO, WOTV, and WUHQ) have consistently carried CAA events to the public through their newscasts. Other local radio stations have continually publicized those news releases that are also printed in the local newspapers. The cooperation of the local news media in publicizing the positive aspects of the CAA and its efforts have contributed heavily to the success of this agency. Furthermore, it is doubtful that any other Community Action Agency in the country can compare with our record in this area.

Research

Since the field of human development is fairly new, very little specific research has been done in the human development area. The CAA, in keeping with its catalytic function and in cooperation with a large number of social agencies within the community, has initiated an extensive research program in the following areas:

- a. Available services for the elderly
- b. Available services for youth
- c. Available services for the mentally handicapped
- d. Availability of family planning services
- e. Low-income housing needs
- f. Availability of manpower services
- g. Availability of school lunch program to low-income children.

Research is absolutely necessary for program development.

Financial Accountability

Both the finance officer and the finance clerk have had training during the past year in the new grant application process. Through the improvement of our financial systems, we have conducted high quality programs without exceeding the limits of any of our budgets. A major improvement included a quarterly review of all program accounts by our auditing firm.

NEIGHBORHOOD SERVICES

1. Seek funds to expand the local Cooperative Extension Service Program. Resources were increased from \$5,224 to \$8,677 for this project.
2. Provide nutrition and consumer information services to 300 low-income individuals.
Provided nutrition and consumer information services to 391 low-income individuals.
3. Develop a year-round bi-lingual program.
A summer bi-lingual program was implemented serving 57 Spanish-American children.
4. Development of an adult education program for 25 Spanish-American adults.
Adult education program was achieved for 10 Spanish-American adults.
5. Seek funds to expand the Teenage Mother's Education Program.
An additional \$5,000 matching grant was given to the CAA to expand the Teenage Mother's Education program.
6. Provide educational and social development program for 150 pregnant teenagers.

Provided 168 pregnant teenagers with such opportunities by November 1, 1972.

7. Develop a two-year early education program to serve approximately 100 low-income pre-school children.

This goal was not accomplished in its entirety however, initial research has been completed and a rough draft of the project has been developed.

8. Assist the poor and county health department in establishing a comprehensive health clinic in Albion.

A limited health clinic has been established in Albion as a result of a petition drive by poor people in the Albion area. Over 240 poor people signed a petition, which was presented to the County Health Board.

9. To develop a family planning program to expand the family planning services for low-income individuals in Calhoun County.

Developed and submitted for funding a family planning program to expand family planning services from the current level to 2,500 women. In addition, 100 Spanish-American females will be served through this program. Further, through inter-agency coordination for the development of this program, family planning services have been expanded from 500 women to approximately 1,000 women presently being served.

10. Increase existing dental clinic services to 150 low-income children.

Dental services provided to 188 low-income children involved in the Head Start program.

11. Increase the participation of low-income children in the free and reduced price lunch program from 845 to approximately 1,200 school-age children.

Increased participation of the school lunch program to include and involve 1,273 school-age children.

12. Analyze in detail local free and reduced price school lunch programs and local food stamp program.

In achieving this goal, 1,465 home visitations were made in the analysis of free and reduced price school lunch program and local food stamp programs. Through this survey, it was ascertained that the average allotment monthly is \$109.02; the average cost monthly is \$53.95; total persons using food stamps in survey, 362; average allotment per person monthly, \$23.45. In addition, 201 new enrollments of children was accomplished in the school lunch program.

13. To create and expand supportive services for the mentally ill and the mentally retarded.

A Foster Grandparent program was funded and initiated to provide services to 100 mentally retarded children.

14. Continue to urge and assist local governmental units in developing a community-sponsored refuse services.

The county is presently undertaking a solid waste disposal study. Through the urging of CAA officials and other social agencies, the City of Battle Creek is contemplating the development of a community-sponsored refuse service.

15. Continuation of efforts to secure private, state, and federal funds to implement this agency's Mobilization of Resources program.

During the previous year, the agency was successful in mobilizing some \$739,000 of state, federal, and private resources. The total number of projects has been expanded from 5 to 17 programs in the areas of manpower, youth development, nutrition education, and social services.

16. To give emphasis to our catalytic role of coordinating and mobilizing agencies, institutions, and funding sources in the community.

This goal is being achieved through the addition of a program developer, an additional secretary, a youth specialist, a Spanish-American specialist, and the reorganization of agency staff.

17. Develop a program for a planning component with our local United Community Services under OEO collaborative funding concepts.

This goal has not been accomplished due to lack of cooperation from the local United Community Services. Other efforts are being made for a planning component with funding generated from local governmental officials.

18. Develop a year-round, county-wide youth development program providing services to approximately 400 individuals from ages 12 through 24.

A year-round Neighborhood Youth Corps in-school and out-of-school program has been initiated. At the present time, the in-school program is serving 52 young people. The out-of-school program is serving 8 persons at the present time. One out-of-school enrollee has successfully completed his General Educational Development test (GED). Four NYC out-of-school enrollees have found per permanent

employment as a result of the vocational experience that was gained through this agency during the past year.

19. Develop a county-wide transportation program, coordinating all of the agencies and organizations expressing a need for this type of program.

Research is being done to facilitate the development of a county-wide transportation program. This project will be given very high priority during program year G. Limited transportation has been provided during the last year, utilizing the agency's four minibuses; however, a continuous, on-going county-wide transportation program has not been initiated on an on-going basis.

20. Expand current housing activities to include new construction, housing rehabilitation, and the development of more adequate housing in the rural areas of the county.

The \$25,000 seed money grant has generated some \$6.9 million worth of housing in Calhoun County. Approximately \$12,000 is recoverable and is in a revolving fund. The remaining monies have been spent on consultants and is not recoverable. Twenty-seven units of housing is available to low-income persons in the newly constructed Carl Terrace Project.

The City of Springfield is currently in the process of trying to acquire the 169 units of housing at Fort Custer. The City of Springfield has agreed to work with the CAA on a rehabilitation project for these 169 units. GSA's high price on the property at Fort Custer continues to be the main drawback toward local acquisition of the 169 units.

The CAA has submitted a housing rehabilitation grant application to regional OEO for consideration. The proposal has a front-end commitment of \$70,000 committed from local agencies. Last year, limited resources kept the project from being funded; however, the application is being revised and will be submitted again this year for consideration under the Regional Office's Special Purpose Regional Incentive Fund (SPRIF) funding.

The CAA, in conjunction with the Battle Creek Area Urban League, and Kellogg Community College, successfully initiated a Home Maintenance and Repair course for 25 low-income individuals. The eight-week course was a tremendous success, winning the CAA and other agencies national awards from the Office of Housing and Urban Development. At the present time, many institutions from throughout the United States are inquiring about this successful course. Kellogg Community College has agreed to offer college credit for the next course. CAA Housing Specialist attended a one-week training course at the Detroit Office of HUD during the past year. As a result of this training, the Housing Specialist became the first person qualified in this community by HUD to provide housing counseling to low-income individuals.

The Federal Housing Administration (FHA) has announced that the CAA has been certified as a home-ownership counseling agency for Calhoun County. FHA will, from time to time, refer to the CAA low- and moderate-income families who qualify for mortgage insurance under existing HUD housing programs because of their credit standings, debt obligations, total annual income, or income characteristics, but who HUD is satisfied would be a reasonably satisfactory credit risk if they were to receive budget, debt management, and related counseling. The CAA Housing Specialist is presently counseling with three families, who will soon qualify for mortgage insurance under Section 235 of the national housing act.

Through the activities of the Housing Specialist, the Spanish-American Specialist, the Action Center staff and the rural outreach worker, adequate housing was found for 58 families affecting the lives of approximately 232 people (58×4 per family = 232).

Twenty-nine families were counseled in tenant/landlord relationships.

21. Develop and operate additional manpower training programs.

Through the efforts of several CAA staff members, 198 family heads of households were placed on jobs during the past year. Utilizing the average of 4 persons per family, approximately 792 people were totally, or partially, removed from poverty as a function of the manpower efforts. Based upon direct relief figures given by the Michigan Department of Social Welfare, this manpower effort has saved the State of Michigan approximately \$412,354 this past year in public assistance payments.

Through the efforts of the CAA Spanish-American Specialist, 87 jobs were found for Spanish-Americans residing in Calhoun County. Utilizing the above formula again, 348 Spanish-Americans were totally, or partially, removed from poverty as a function of jobs.

During the past year, 105 people received counseling in job-finding and retention skills.

The CAA is an active participating member of the Region 3 Ancillary Manpower Planning Board, serving Calhoun, Branch, Barry, Kalamazoo, and St. Joseph Counties. The Ancillary Board designated the CAA as the local sponsor for its Public Service Career \$300,000 manpower grant for the Region 3 area. At the present time, this sponsorship is still pending, due to decisions made at higher levels, tentatively assigning sponsorship to the Michigan Civil Service Commission. Contractual negotiations are presently being undertaken between the CAA and the Michigan Civil Service Commission. Fifty low-income individuals will be served by this project.

During the past year, the Calhoun County Board of Commissioners have outstationed three county employees, employed under the Public Employment Program, in the CAA. These positions include two secretaries and one Spanish-American Specialist.

A career development program has been initiated for 10 CAA employees. In addition, a career development program is being initiated for a number of Head Start employees.

PROJECTS ACCOMPLISHED BEYOND THOSE OUTLINED IN WORK PROGRAM (PROGRAM YEAR F)

1. Developed and initiated Foster Grandparent Program serving 50 senior citizens in two counties.
2. Developed and initiated Summer Feeding program providing one nutritious meal per day for 873 youngsters in Calhoun County.
3. Developed and initiated Migrant Emergency Food and Medical Program serving 128 migrants.
4. In conjunction with the Family and Children's Service Agency and the Calhoun Intermediate School District, developed and initiated a Teenage Mother's Education program serving 87 pregnant teenagers. This program provides social education and development, as well as formal education to pregnant teenagers. There is currently a list of over 500 pregnant girls in need of this service.
5. As grantee, administered successful pilot Emergency Food and Medical program serving four Community Action Programs (Muskegon-Oceana, Kent, Kalamazoo, and Calhoun CAPs).
6. Provided drug abuse counseling and referral services to 46 youth throughout the county.
7. Initiated a small meat-buying co-op serving over 65 low-income persons in Albion and Battle Creek areas. The Co-op, started in May, to date has purchased a total of 3,148½ pounds of meat at a price of \$2,460.57 or an average price per pound of \$0.72. The co-op started with 13 people.
8. The CAA played an instrumental part in the development of a local Council on Aging, which has since incorporated and is presently participating in the development of other senior citizen programs.
9. The CAA was instrumental in the creation of a County Housing Research Committee. The CAA presently serves on this committee.
10. Adopted a formal Affirmative Action Plan, which has been approved by the Michigan Civil Rights Commission. The CAA is the first social agency who has a formal plan.
11. Along with other social agencies, urged for the adoption of Affirmative Action Plans at the local governmental level. The County adopted an Affirmative Action ordinance and the Cities of Battle Creek and Albion have adopted and are implementing affirmative action plans.
12. Have assisted in the creation and development of a county-wide Spanish-American Association, with over 450 active members.
13. Participated in referring persons for sickle cell screening in the Battle Creek and Albion areas. Over 3,000 persons of latin or black ancestry have participated in this program to date.
14. Participated in referring low-income persons to the Legal Aid income tax service. Services were provided in Battle Creek and Albion to 179 low-income persons.
15. Although the Legal Services component is not a direct part of the 05, it is a part of the entire CAA structure and its accomplishments will be noted here. Last year, legal services were provided to 2,592 low-income persons, many of whom were referred by Action Center staff.

STATEMENT OF JAMES H. COSSINGHAM, EXECUTIVE DIRECTOR, CALHOUN COMMUNITY ACTION AGENCY, BATTLE CREEK, MICH.

BACKGROUND

We have been selected to testify today because we are typical of many rural/urban ("rurban") CAAs. The population in our county is over 141,000 people, with over 20,000 people identified as low-income, according to the Michigan Department of Welfare. Like many other agencies, we were beset with early problems, which included internal conflict, mismanagement and non-accountability of funds, negative community image, etc. But today, we stand as one of the most viable agencies in the community! We make this as no idle boast, but with cold, hard data and facts to prove it. Some of this information we now share with you. Furthermore, we would point out that our success story is a story shared by many CAAs throughout the country. Again, the data and the facts are there. I hope to share with you a small portion of the facts today.

As another piece of background information, I wish to point out that the only evaluation study analyzing the effects of public programs was conducted in 1968-69 by the Urban Institute of Washington, D.C. Four federal agencies were studied over a two-year period of time. Those agencies are HEW, HUD, DOI, and OEO. It is interesting to note that OEO had the best example of an evaluation system (see page 10, Federal Evaluation Policy). Furthermore, the study shows that the best work plans were found in OEO (see pages 36 and 39, Federal Evaluation Policy). This same expertise has been passed on to CAAs. I would remind you that this study was done in 1968-69, when most CAAs were just starting to mature. Today, I am sure that the results would be even more astounding, particularly at the local level. Again, the data bears me out (see Utilization Test Survey). This data reflects only slightly more than half of the CAAs throughout the country, and yet the amount of institutional change is shown as an increase, the amount of resources mobilized *above and beyond the required 20% non-Federal share* is amazing, and there is even more in this document clearly reflecting that CAAs have lived up to the CAP Mission Statement, as mandated to us by Congress and the Administration sometime ago.

I could go on and on with this type of hard, cold data, but I wish to share with you some of the more humanistic successes that we have personally experienced at the local level.

HUMAN RESOURCE SERVICE DELIVERY SYSTEM

Last year, we found jobs for 198 heads of households in Calhoun County. Utilizing the average of four people per family (and many of our clients have larger families) at least 792 persons were either partially, or totally, removed from poverty. Based upon figures given to us by the Michigan Department of Social Welfare, a savings of \$412,354 in direct relief payments was saved to Calhoun County taxpayers. Now it is somewhat ironic that IT&T has just closed its new modular home plant, throwing 160 workers, many of them hard-core unemployed, back onto the welfare rolls! Maybe this is one of the factors why CAAs can't show a substantial number of people moved out of poverty!

In the field of housing, we found safe, decent housing for 58 families, and using the average of four people per family again, we conservatively affected the lives of 232 people.

The Department of Housing and Urban Development presented us with national awards for our now famous Home Maintenance and Repair course. This course was conducted in accord with our local community college and other social agencies based upon needs identified by the poor themselves. Twenty-five low-income people now know how to fix a leaky faucet, paint the inside or outside of their homes, make minor repairs to furniture, etc. We have received over 70 inquiries from all over the country: from Jaycee groups; Municipal Leagues; local governments; and many more, who are asking to use our model.

In the services to the aged, we have initiated a Foster Grandparent Program, which affects the lives of 50 senior citizens, the oldest of whom is 92 years old. This program also affects the lives of 100 mentally handicapped children who now receive the love, attention, and affection that they so vitally need, while returning the same to the senior citizens who now feel wanted. We have initiated a five-county senior feeding program directly feeding over 100 senior citizens each day. In addition, we have been instrumental in the formation of a local

Council on Aging, where senior citizens are involving themselves in the planning of activities that affect their lives.

For youth, we have developed a Teenage Mother's Education Program in conjunction with our Intermediate School District and other social agencies. The Intermediate School District provides the formal education, while other social agencies provide such services as pre-natal care, family planning, health and nutrition services, and adoption services, thus providing a *complete* program for the younger teenage girl who finds herself pregnant and, in many cases, without assistance. The CAA has been a facilitator of private resources for the development and continuation of this program serving 87 girls throughout the county. This program is presently being used as a model by other educational institutions throughout the State of Michigan. We also have a Neighborhood Youth Corps Out-of-School program serving a total of 8 youngsters who have dropped out of school. Since last April, when this program was initiated, one young man has successfully completed his high school GED, and utilizing the job skills learned through the CAA, has now gained steady and meaningful employment. All of our teenagers are working on their formal education, while at the same time receiving some vocational training that will be marketable in the future. The In-School program is a similar program; however, with an emphasis on keeping potential dropouts in school by providing them with some incentive in maintaining educational and vocational training.

There is so much more that I could share with you in terms of services that we are providing to the mentally handicapped, pre-schoolers, legal services, and other human services. I make these points only to reflect that CAAs throughout the country have similar operations and similar programs. For example, one of the rural agencies in Michigan with the use of surplus government equipment, has built recreational parks and has trained low-income people to operate those parks and facilities for local governmental units. Another more urban CAA has constructed grant proposals that have lead to the development of multi-purpose centers providing a variety of human services to people of the ghetto. In our own case, we are helping a small rural community, population of approximately 1,000, to develop a grant application for combination Municipal Building/Firestation for that community (see attached letter). We are also working on a massive housing rehabilitation project with the City of Springfield (see attached news article). Ladies and gentlemen, the expertise is there, but many of the local governmental units need some incentive to opt themselves in to this tremendous community resource called CAP.

THE USE OF PARAPROFESSIONALS

More than any other agency, the Community Action Agencies have provided an upward thrust for low-income people. In Pontiac, Michigan, the CAP has been successful in moving low-income people from community aides to becoming Mayors of their respective communities. In that same CAP, many paraprofessionals have moved up into significant jobs in business and industry as a function of good training and a cooperative effort on behalf of private sources. Michigan Cities of Kalamazoo, Muskegon, Lansing, Jackson, and many more can also share these same success stories. In our own agency, two prior board members are now serving in the Michigan State Legislature, and on the national level, two persons having former CAP experience are now members of the United States Congress (Congressman Parren Mitchell and Congressman Ron Dellums).

COMMUNITY IMPACT

Although the war on poverty is, according to one of Michigan's famous Senators, "the most underfunded war this nation has ever fought", the impact on the community has been great. In addition to some savings to the taxpayers, which is measurable, the effect on the lifestyle of many of the community's disadvantaged persons is not measurable, except in the way that many of them now take that one step toward being self-sufficient.

In Michigan, with the assistance of the State OEO office, comprehensive planning and coordination involving state government and the Michigan CAP Director's Association is presently underway. Thus, refuting the old wives' tale that CAAs are not working with local governmental units. While it is true that some CAAs and local governments are now exploring a better working relationship, it is my feeling that only time is needed to cement those relationships where CAPs have been effective. I would remind you that local governments

have only recently had a transfusion of additional dollars to meet some of their priorities and needs. If CAAs are given some additional time and the revenue sharing dollars continue to flow to local governments, I am confident that, with some earmarked incentives, the relationship between CAAs and local governments will grow.

ROADBLOCKS TO FURTHER PROGRESS

The present uncertainty of the CAAs' future is penalizing many agencies. Already the Administration is underway toward dismantling CAP agencies. Although OEO has a two-year legislation and an increased appropriation for FY 73, the lack of commitment by the present Administration and the uncertainty of future Congressional actions now has placed CAAs in a position of weakness.

For example, our agency presently has a large grant (\$198,000) pending with a major foundation. We have been notified that a future decision will not be forthcoming until the status of the CAA is solidified. If we are going to be in business, they will fund us—if we are not going to be in business, they will not fund us.

We have also discovered that, although certain funds are available for senior citizen activities, again CAAs will not be considered because of the uncertainty of the future.

The attitudes of private sources and some of the traditional funding sources, such as mental health boards, and other public bodies, are reluctant to continue to support CAAs when it appears that we will not be in business beyond July 1, 1973.

RECOMMENDATIONS

I would be remiss if I completed my testimony without some recommendations for this subcommittee. First, immediate action must be taken by the Senate and the House that will stop the dismantling and discontinuance of CAAs until Congress has had an opportunity to review this subject.

Secondly, to allow for some transition time for CAAs and local governments to cement their relationships, local initiative funds could be earmarked as a part of a special revenue sharing package. This would ensure that local governments, in the acceptance of special revenue sharing funds, would also be given an incentive, through special earmarked monies to cement their relationships with their local CAAs. This action will benefit the entire community, since local government will be getting expertise that presently does not exist in most units of local government and the CAA will be able to demonstrate itself and its expertise to those local governmental bodies with which it works.

Another alternative would be the inclusion of CAAs, with a very specific role, in new legislation that may be proposed concerning the Department of Community Development. I would suggest that the role of CAAs be one of human resource development planning and evaluation, plus being the possible operator of certain human service delivery programs.

It is my personal feeling that CAAs need only time to cement the relationships that are needed to bring total communities together in an upward and onward movement.

I recommend that Congress move swiftly to ensure that the only voice of the poor is not lost in the very quick dismantling of OEO. At a time when the American people are concerned about the rising costs of welfare and the number of people going on the welfare rolls, it is ironic that the nation's only mandated self-help program is being terminated. I implore on this subcommittee, and the Congress, to take immediate steps to ensure that Community Action Agencies, the one agency offering hope for the poor, will remain a part of America's constitutional promise of liberty and justice for all. Liberty from the shackles of poverty and justice through the provision of equal opportunities for all.

UTILIZATION TEST SURVEY

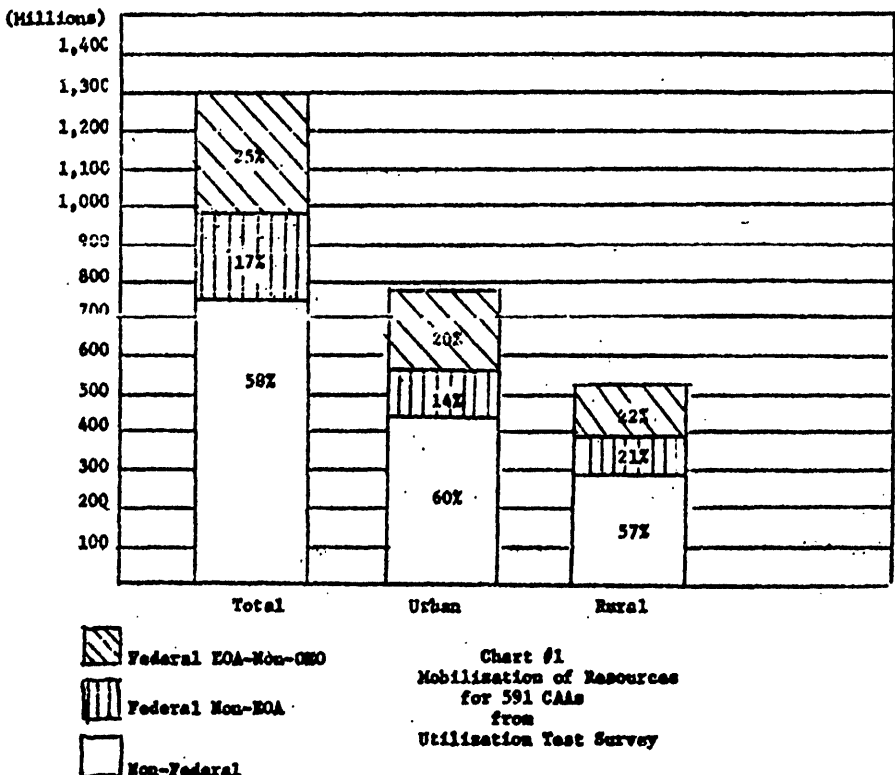
The New Community Action Mission Statement developed under the Nixon Administration made it clear that it is not enough for this program simply to spend Federal money for poverty programs. The relatively small OEO investment in CAAs and SEOOs is intended to help them mobilize or stimulate better use of other resources—both public and private. This concept had been in the

EOA and OEO rhetoric all the way back to 1964, but it was not made broadly operational until the new Administration leadership turned OEO around from simply spending to mobilizing resources.

The new emphasis has also produced other positive results, including closer working relationships between CAAs and state and local governments, which offer genuine help in making the decentralization of government succeed during the next few years.

OEO recently initiated an experimental effort to determine the degree to which CAAs have mobilized non-OEO resources for the poor, or have gained other improvements in the way community resources are used to help the poor become self-sufficient. There is more work to be done in completing the first phase of this Utilization Test Survey. Reports submitted to Headquarters by OEO Regional Offices are still being analyzed, and some will need to be redone. Both machine and hand analysis have been slow and imperfect under the difficult conditions of this experiment. The identification of outstanding individual cases of mission impact for detailed study to expand the technical know-how of all grantees, has yet to be accomplished. Nevertheless, there is now emerging for the first time a national picture of Community Action achievements in terms of the basic mission emphasized by this Administration. Machine print-outs of the first broad profiles now include 591 CAAs. (The number should increase to about 850 by the end of January.) Even at this early stage in the project, the picture clearly shows that the Administration's re-direction of Community Action was on target. It is already producing highly constructive mission results in both urban and rural communities and the trends indicate that continued effort in this direction will produce substantially greater returns on a small investment.

Chart #1 shows the total resources mobilized by the 591 CAAs from 1965 to 1972, broken down urban and rural, but not by year. Of the \$1.8 billion mobilized about \$750 million was non-Federal. Another \$200 million represents mobilization of the resources of other Federal agencies by local CAAs. Only 25% of the total represents local mobilization of EOA funds administered by other Federal agencies, such as Head Start and Title I Manpower. "The bulk of funding under these programs is excluded from this study, since it is not considered a local mobilization achievement, except in special circumstances which warrant that interpretation.

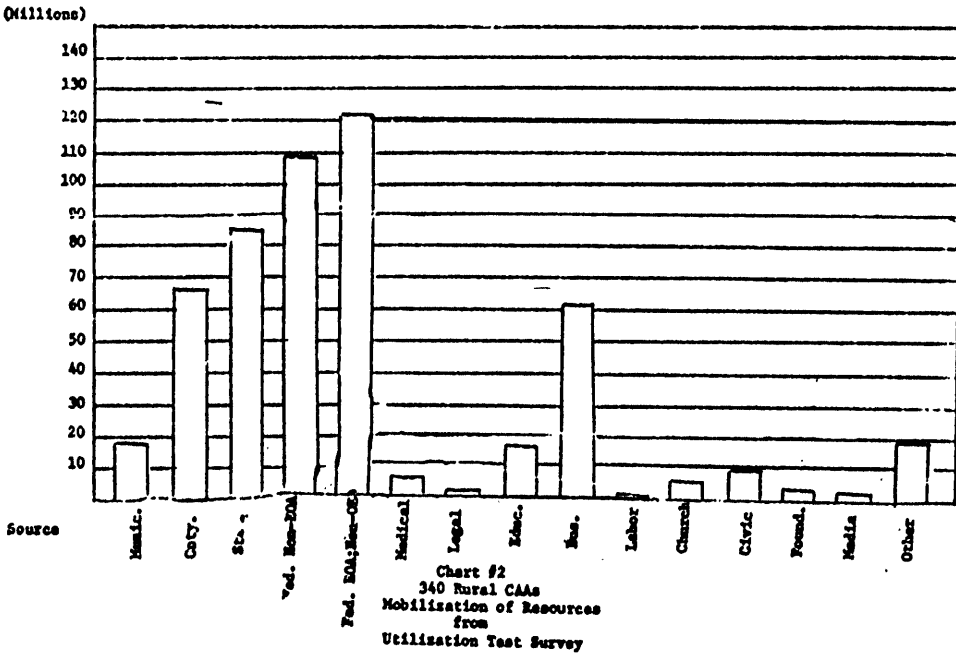


Charts #2 and #3 show the total amounts mobilized from various public and private sources. Chart #2 includes 340 rural CAAs and Chart #3 covers 251 urban CAAs.

The extent of state and local government resources mobilized is most encouraging and indicative of the growing ties between CAAs and state and local governments.

Perhaps most surprising is the very substantial mobilization of business and industry resources, especially in rural areas. Total business resources amount to about \$75 million.

Resources from medical and educational institutions total about \$40 million and \$56 million respectively, preponderantly in urban areas.



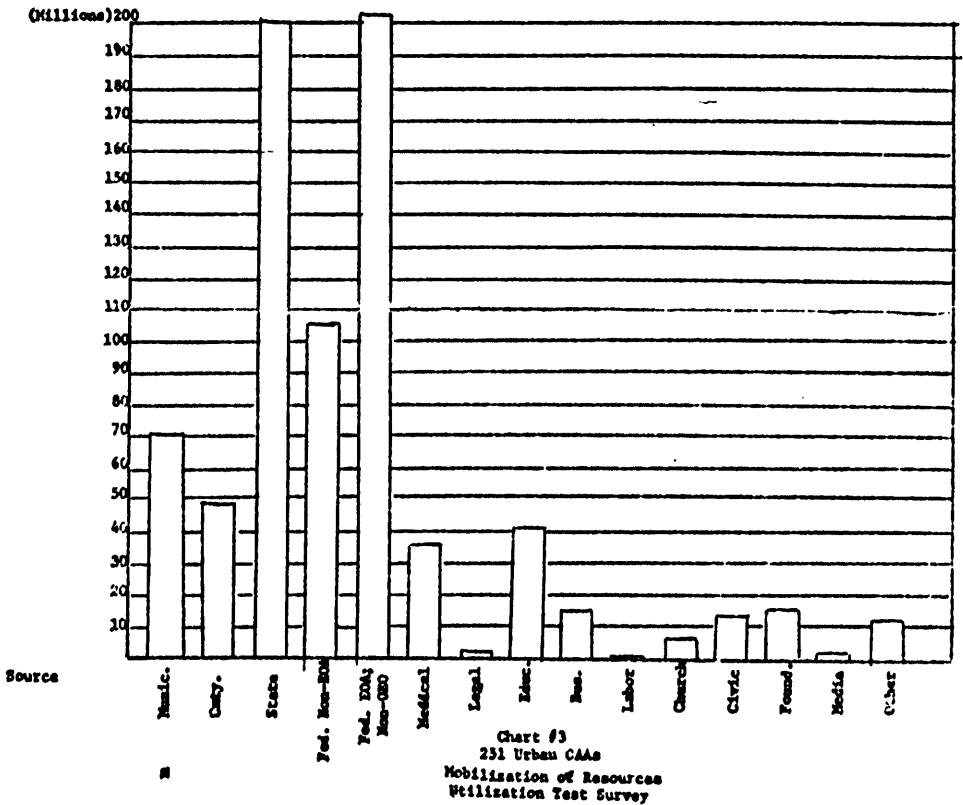


Chart #4 shows the total mobilization levels in these 591 CAAs for each year beginning with 1968. This time-span covers the period of program redirection by this Administration.

Efforts to strengthen CAA management and public officials' roles in local CAAs, plus a range of other program initiatives such as the pilot Resource Mobilization Grants helped move the level of achievement up in the early part of this period. But the basic shifting of gears under OEO's 1972-73 Community Action Strategy, is apparent in the accelerated growth of mobilization results in 1972.

The growth of mobilization results during the entire period has occurred without any increase in the CAA's basic Local Initiative grants.

Local Initiative grants and supporting activities such as T/TA totalled about \$1.6 billion for the five years covered by Chart #4. Since the 591 CAAs represent a broad national cross-section, it is fair to assume that they account for about two-thirds of the Local Initiative, or \$1.1 billion.

Thus, the non-federal resource mobilization alone amounts to almost 60% of the Local Initiative investment. Total mobilization from all sources exceeds the total Local Initiative funding in 1972.

It is important to note that the amounts shown here are *over and above the required 20% non-Federal share* which grantees must mobilize in order to obtain a Local Initiative grant in the first place. If we include this required mobilization, the non-Federal resources mobilized by CAAs equal almost 80% of their Local Initiative grants.

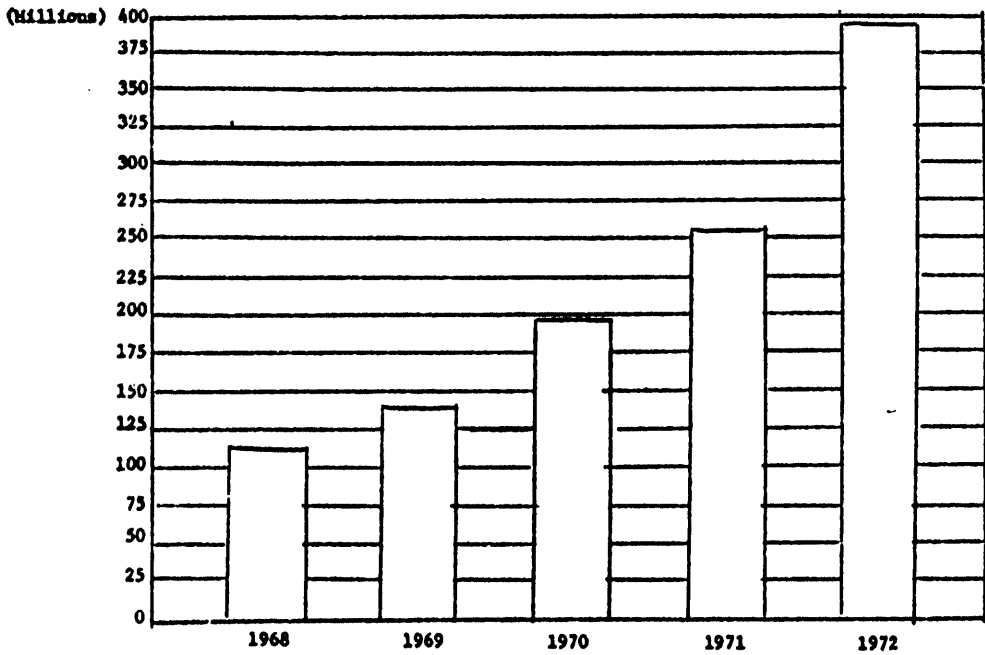


Chart #4

Mobilization of Resources
for 591 CAAs
from
Utilization Test Survey

Chart #5 shows that the number of cases in which CAAs helped bring about constructive institutional changes has also been growing over the past five years. Each bar represents the new instances of change which occurred in that year.

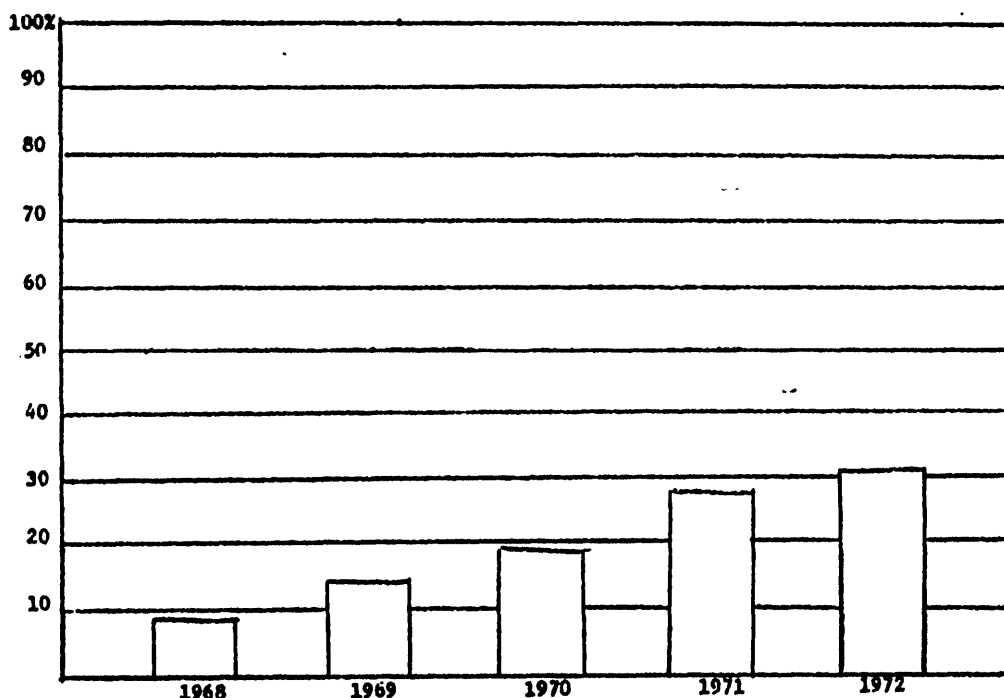


Chart #5
Total Instances of
Institutional Change
For 591 CAAs
from
Utilization Test Survey

Charts #6, #7, and #8 show the relative extent of different kinds of institutional change. Chart #6 deals with improved participation of the poor in Community Affairs; Chart #7 reflects improved employment practices; Chart #8 covers other program improvements, increased accessibility of services, and improved planning and coordination.

Improvements made by local governments account for 25% to 35% of the changes in every category. State governments account for another 10% to 15% across the board. Thus, up to 45% of all the significant institutional changes occurred in state and local government.

Educational institutions were involved in 10% to 20% of the changes. The business community shows a substantial responsiveness, with 15% to 20% of the improvements in employment practices.

The medical and legal professions were especially strong in improving the access of services to the poor and other programmatic changes shown on Chart #8. They also show substantial improvements in participation of the poor, on Chart #6.

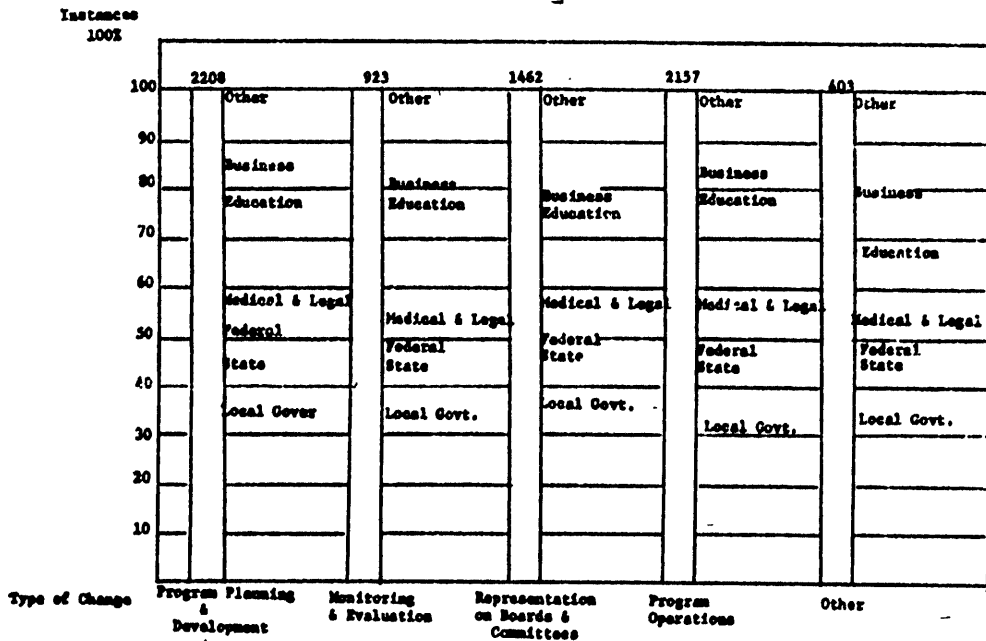


Chart #6
Institutional Change
Participation of the Poor
Utilization Test Survey
from 591 CAAs

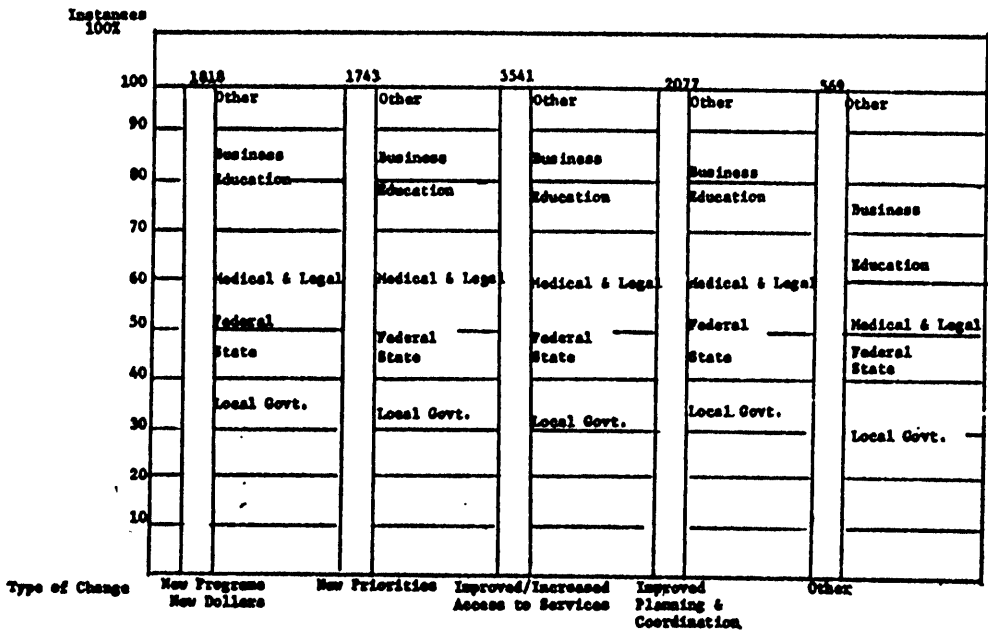


Chart #7
Institutional Change
from
Utilization Test Survey
from 591 CAAs

The total emerging picture of Community Action clearly shows that CAAs are rapidly becoming very positive forces in their communities, that can play significant roles in helping communities rise to the challenge of revenue sharing and other forms of government decentralization.

While we must continue to refine and verify this data, ~~the Federal government~~ should also be thinking seriously about the immediate and long-range benefits to be derived from continuing to strengthen CAA, as well as local government capabilities for effective problem-solving at the community level.

Scope

The Utilization Test Survey was directed toward the entire universe of 907 Community Action Agencies and 52 State Economic Opportunity Offices, all funded from the ten OEO Regional Offices. The instrument was designed to gain information on the present funding sources of all Community Action Agencies, their success in mobilizing resources for anti-poverty efforts other than the required non-Federal Share for their OEO grant, to identify the sources that have been tapped and to indicate the amount of resources so mobilized, as well as the type of program operation that benefited. In addition, an attempt was made to determine the amount of institutional change which was brought about as a result of the Community Action Program in each community by identifying the institutions involved, the type of change which occurred and information as to the approximate years in which changes took place.

It is intended that the data on resource mobilization and institutional change provide for both a quantitative and qualitative entry of information. Therefore, when a local agency in concert with the Regional Offices decided that a specific case of mobilization of resources or institutional change was significant enough to be reported, there was an opportunity not only to indicate that it was the county government, but provided an opportunity to specify in narrative what element of government, e.g., the county health department. In addition to providing information as to the category of program to which resources or changes applied and the years in which they occurred, an opportunity was provided to indicate the techniques by which the effort was brought about and to describe the significance of this particular instance of resource mobilization or institutional change. It was anticipated that both a computer analysis and hand review of the records would provide indicators of significant cases of resource mobilization and institutional change which could be targeted for further research, case study analysis, etc. Use of the Utilization Test Survey was, in fact, to be a specification of a certain number of cases which could be analyzed in depth and reported accordingly. Results of these analyses would then be translated into policy guidance, training and technical assistance materials, workshops and various types of training efforts in order to feed back to OEO Regional Offices and more importantly to local communities examples of how certain kinds of efforts were successful and how they might be replicated in other local situations.

Procedures

The survey was accomplished by OEO personnel. OEO Headquarters Office of Operations' personnel distributed the instructions and instruments to the ten OEO Regional Offices and oriented all Regional Office Senior Staff and Field Operations personnel in the regions. Regional Office Staff oriented each grantee as to the purpose and nature of the survey and procedures to be used in completing the data requirements. With the guidance and assistance of Regional Office personnel grantees submitted original data to Regional Offices. Regional Office Staff completed the data forms, verified all data, included new data from other Regional Office personnel and records, and forwarded the information to OEO Headquarters in Washington. OEO Headquarters completed the computer processing of all quantitative data and hand analysis of nearly all narrative comments.

The decision on whether an instance of mobilization resources or institutional change was significant enough to be reported on the Utilization Test Survey was left to local perception, i.e., the perception of the grantee staff and/or other committee who put together the original data along with that of the Regional Office who was responsible for the product. Therefore, there are variations in what was reported both in terms of a rural CAA to urban CAA, but within each of the types of CAAs involved. While this does provide some variation in significance patterns, it does provide insight as to what was important in a particular community context. Some institutional changes might have taken 3, 4, or 5 years to accomplish in one community and maybe only a matter of weeks or months in another community. It is difficult to assess whether or not the report does in fact have a slight variability. However, communities are of such

a different nature around the country that the local significance test was the only one to which one could reasonably subscribe rather than setting up national criteria.

Limitations

The data is most accurate and complete only from 1968 and forward as it appears that at this point with the implementation of the 1967 BOA Amendments and the new OEO grant application process that records and personnel are both available to retrieve the facts on the data required. This refers to both grantee staff and to OEO Regional Office personnel.

In order to provide adequate time for the key punching and preparation of the data for computer processing, as well as the validation of the data presented, it was necessary to stop data preparation after 591 CAA packages had been received from the Regional Offices. These data are not randomly selected throughout the country, but on the basis of what reports were available at the time it was necessary to begin the computer operation. However, the 591 CAAs are spread reasonably well geographically across the country. It is important to note that through administrative error, none of the Community Action Agencies represented in the State of New York, New Jersey, Virgin Islands, or Puerto Rico from OEO's New York Region are contained in the computer analysis. This is unfortunate in that four of the 50 big cities are included in this region as well as several varieties of rural and urban Community Action Agencies. Their exclusion, however, does not invalidate the trends presented in the data, it merely adds a specific qualification. (This is particularly true due to the exclusion of New York City.) It is important to note, in addition, that over 40 of the 50 big cities are included in the 591 Community Action Agencies data which were processed by the computer.

Approximately 5% of the total data from the 591 CAAs was not accepted by the computer for print out. The reasons for the non-printout were primarily key punch error and data records input which did not match existing computer data used to obtain the rural/urban information or matching grantee numbers which were on the computer file.

The 591 Community Action Agencies included in the study represent 340 rural agencies and 251 urban agencies. While there is a little bit larger proportion of rural to urban than is found nationally, it is felt that this breakout does in fact give us a fairly good picture of the totality of Community Action. The fact that over 40 of the 50 big cities are included in the 591 CAAs is also significant and gives us a good picture of the degree of urbanization of Community Action in the data represented.

Assumptions

A statement was required on each of the instruments submitted by the Regional Office for each Community Action Agency to indicate the process by which the data was derived. A sample of 10 to 20 agencies in each of the 10 regions indicated a process of broad participation of agency and community people participating in the appraisal of significant instances of mobilization of resources and institutional change; therefore, it is felt that, while institutional memory has eroded over the years, that the survey reflects genuine and realistic efforts of a local agency to mobilize resources and bring about institutional change. It is also felt that this is a conservative estimate since it was based upon recall. Therefore, while some overstatements may have occurred in some local agencies, the tremendous amount of understatement by a large number of agencies more than counterbalances the data. So the assumption is that the data basically reflects a minimum of what occurred and not a maximum.

Significance

The data from 591 Community Action Agencies does indicate significant trends in the mobilization of resources and institutional change brought about by Community Action. The direction of these trends, the quantities which are assigned to the various institutions and sources of resources are produced by computer analysis are definitely indicative of the state in which we find Community Action in 1973. It is more than a simple trend, it is a pattern which while possibly not correct in the absolute, is basically correct in the relative values assigned to institutions, types of change, sources of resources, and amounts of resources secured.

The methodology employed in obtaining the data for the survey described above provides a manner of significant local input or local perception, while

simultaneously providing a balanced view of OEO Regional personnel in analyzing the records and current information on the agency held by the Regional Office. It contains both a measure of balanced input and completeness that would not be possible had it not been the product of the OEO Regional Office. While it is not assumed that every single item of resource mobilization was thoroughly validated, in the aggregate, these were data that were validated. While it cannot be known to an absolute truth that the Community Action Agency did in fact cause a particular change in institutional behaviour or responsiveness, in the aggregate, it was assessed that these changes did occur as a result of the operation, existence, and participation of the Community Action Agency in local community program efforts.

SURVEY FINDINGS

Resource Mobilization

The criteria for reporting resource mobilization was based on a test of local significance. It was not so much an amount of money which was generated from the private or public sector, but the significance of a particular effort or series of efforts. No non-Federal share for OEO or other Federal grants were to be reported, therefore, the report of resources mobilized are all resources over and above non-Federal share requirements. When we look at the total effort of the 591 CAAs, it is significant to note that 58 percent of all resources came from non-Federal sources, that 17 percent came from other federal legislation, and that only 25 percent was attributed to other than OEO from the Economic Opportunity Act. (A previous sample survey of Community Action Agencies by OEO has shown that approximately 38% of their total operating budget is funded by OEO). These ratios are brought out in similar patterns reported by both urban and rural CAAs. While there were discrete differences in specific categories, they followed the same basic trend. The total reported resources mobilized from 1966 through 1973 was equivalent to \$1.3 billion. These resources represented the acquisition of funds, space, equipment, manpower of either paid staff or volunteer training and technical assistance or an "other" category. It is important to note that a hand tabulation of nearly all of the CAAs utilized in the survey report that over 75 percent of the resources mobilized was cash, i.e., contributions from private individuals, foundations, churches, civic and service groups, grants from state agencies, appropriations from municipal and county legislatures and grants from Federal agencies. This is a definite indicator that local Community Action Agencies have been receiving considerably more than "in-kind" contributions but have in fact mobilized a substantial amount of cash for anti-poverty work.

A second significant indicator is the amount of money which was mobilized in any given year. While it is recognized that the erosion of institutional memory and the lack of adequate records might have hindered reporting in some of the earlier years, it is significant to see a growth from \$115,000,000 mobilized in 1968 to \$396,000,000 mobilized in 1972.

Although the data is from only 65 percent of the total number of Community Action Agencies which received over \$1.5 billion in local initiative funds, it is significant to note that a substantial increase of resource mobilization has occurred in every year since the publishing of the OEO mission statement and the instruction on the purposes of Community Action dated November, 1970.

The accomplishments of Community Action Agencies mobilizing resources for programs to aid the poor show a significant increase for 1972 following the publication of the OEO mission statement from Community Action. The gradual increase from 1968 through 1971 shows a steady growth of 115 to 256 million dollars for the 591 CAAs included in the data for this portion of the survey, thus a growing capability to mobilize resources from the non-poor. The substantial increase from 1971 to 1972 from 256 million to 396 million dollars for the 591 CAAs indicates an invigorated effort in the years 1971 and 1972 to mobilize other resources toward anti-poverty programs. It is obvious that the President's program to curb inflation and improve the status of the United States economy had some influence on the availability of resources to be mobilized, however, it can be said that this period was also a time when Community Action Agencies were targeting their efforts to mobilize resources as well as generating community support. Therefore, due to the catalytic activities of Community Action Agencies, significant effort in local communities in both the private and public sector as well as state government definitely showed a more responsive pattern to the needs of the poor.

A look at the sources of resources which were mobilized by Community Action Agencies shows several factors: 1) that municipal and county or local government

have been extremely supportive of Community Action programs during the period reported; 2) that state government has been a vital source in providing funds for local anti-poverty work efforts supported by Community Action Agencies; 3) the Federal government does continue to be a very large source of resource mobilization for local agencies. While this is slightly higher in rural areas than in urban centers this might be expected, but the fact that non-Economic Opportunity Act resources were mobilized for the benefit of the poor were in such a large percentage is extremely heartening as local communities have progressed to look beyond the Economic Opportunity Act for sources of funds to assist in program to aid the poor; 4) medical and educational institutions or organizations in local communities were a high source of resources for the poor that were leveraged through Community Action. It is not too difficult to see the difference between urban and rural in these two categories where there are more sources of medical or educational money at the local level in the urban centers as opposed to rural areas; 5) the contribution of business and industry to anti-poverty efforts as mobilized by Community Action agencies is highly significant. It was not as high in urban centers as one might have anticipated, on the other hand, the urban centers have other programs sponsored by other Federal agencies directly with business for which a Community Action Agency is not responsible, therefore, it is not unusual to see a lower amount of urban centers for business contributions as in rural areas. The dollars mobilized by Community Action Agencies from business and industry in the rural sector is extremely heartening. The 60-plus million dollars mobilized by 340 rural Community Action Agencies from business and industry showed a high degree of local participation and effort; 6) the small amounts mobilized by Community Action Agencies from legal organizations and associations and labor organizations is disheartening. It can be said; however, that since there is a national emphasis OEO Legal Services program that some of the legal support was obtained in this manner. It would be hoped, though, that this particular area would increase in the coming years. The extreme low amount from labor can be partially explained by labor participation in the Manpower Administration programs which are not directly attributable to Community Action Agencies; however, even there, the total or absolute number of dollars is definitely low both for urban and for rural agencies; 7) contributions from churches and church organizations occurred relatively the same in both urban and rural areas; however, it must be noted that it is from churches that local agencies gain a considerable amount of non-Federal share in order to obtain their federal grant and since this report excludes non-Federal share, the absolute number of dollars is low. It is hoped that a concerted effort with the church organizations of this country might increase the amount of private resources through religious bodies in the coming years; 8) civic and service organizations played a significant role in providing resources over and above non-Federal share to anti-poverty efforts at the behest of local Community Action Agencies. The combination of resources from local government, state government, medical and educational institutions and organizations as well as the large level of business giving and the significant resources obtained from civic and service organizations shows a high level of commitment from the private and public sector at the local level. It substantiates that there is a large universe of local capability as well as local commitment to the problems of the poor. These data support that assumption and give credence to the value of local institutions working to provide solutions to the problems of local communities. And it shows that local CAAs specifically are valuable in-place capability for mobilizing community efforts and resources; 9) the support provided by foundations to Community Action Agency efforts in a community is realistically indicated by a larger level in the urban center versus the rural area, but it does show a substantial amount of support to anti-poverty work.

Institutional Change

The identification of the change and the behavior and practices of organizations and institutions in the community and beyond the community in relationship to the poor was provided by the Utilization Test Survey in five major categories: 1) increased participation of the poor occurring in the institution changed; 2) improved employment practices; 3) programs 4) improved and/or increased access of poor to services or benefits; 5) improved planning and coordination, thus the survey sought not only to obtain information with respect to changes in the type and/or amount of participation of residents of the area and members of the groups served by anti-poverty programs, but also the response of organizations or institutions to the needs of the poor as related to employment

programs, which served the poor. Not all of the community action agencies for which data is provided in this report were able to indicate significant changes in institutional behavior or responsiveness in *all* categories; however this would not necessarily be expected. Sufficient change in the aggregate does show a definite responsive pattern of local institutions and organization in regard to the problem or situation of the poor.

The category of improved increased access to services for the poor was most often noted by Community Action Agencies and Regional Office staff in the completion of this survey. The nature of change ranged from decentralization of services by local public and private organizations into neighborhoods which brought services closer to the poor to more responsive to the hours of operation of such services in order to better meet the needs of the poor.

Under the category of increased participation of the poor in the institution changed it was quite evident that participation in the planning, conduct and development of programs for the poor had received significant attention in communities served by these 591 Community Action Agencies. It is significant to note that of the some 22,000 instances of institutional change which were reported from the 591 Community Action Agencies, over 30% related to the increased participation of the poor in the institution changed.

Although the charts indicate the specific detail of the sub-elements under the major categories the important things to note are as follows: 1) in all cases the type of institutional change was related to local government at least 30 to 37% of the time; 2) changes occurred in educational institutions from 12 to 22% of all instances which were reported; 3) the impact upon state government while only 9 to 13% of the instances of change reported indicates that the CAA while a local institution was responsible for changes in context beyond its local boundaries. (Analysis of the data of the State Economic Opportunity Offices of course will show significant increase in impact of state governments.)

An area of special interest in the private sector are changes which occurred in business and industry as reported in the survey under employment practices. In nearly all categories changes occurred in at least 15% of all instances and at least 12% of the instances in the category titled other. This is important to note because an analysis of the narrative information indicates that these were not only just related to the poor, but in the "other" category specifically were the first time in the hiring of persons from a minority race.

The percent of instances of change attributed to medical and legal organizations and institutions was not as high as might be anticipated. This is particularly significant in light of the fact that under the area of mobilization of resources reported in the survey the program most often noted to which these resources applied was in the medical category. While there was some cross-referencing between the resource mobilization effort and the institutional change which occurred the relative position of medical institution or organization is not as high as might have been assumed. One possible explanation is that the change was within the local departments of health, rather than in private medical organizations/associations, causing the change to show up under the area of local government.

An analysis of the years in which changes took place shows a definite increase year to year over the last five years. In fact, for every year since 1968 there has been a systematic increase of institutional change instances noted for every institution itemized on the Utilization Test Survey.

VILLAGE OF HOMER,
Homer, Mich., December 11, 1972.

GODFREY V. MOFFAT,
Director, Economic Development Advisory Committee, County of Calhoun,
Metropolitan Planning Commission, Marshall, Mich.

GENTLEMEN: Enclosed please find the final draft of the Action Plans for the Economic Development of the Village of Homer.

The preparation of these programs have involved a substantial commitment of many people and the organizations which they represent—Homer Planning Commission, Mayor, Councilmen, Fire and Police Commissioners, Fire Chief, and etc. This proposal represents an entirely cooperative effort by persons and organizations from all areas of Calhoun County especially the Calhoun Action Agency with James Cossingham, Director. He and his staff put forth many hours of work and needed service that are necessary to develop such a plan.

It is the hope of the people in the Village of Homer, that your committee will see fit to adopt the Action Plan that we have presented into your County-wide planning in your next fiscal year.

Very truly yours,

CHARLES LEWIS, *President.*

STATEMENTS OF DAN BONETTI, IRON RIVER, MICH., AND JAMES COSSINGHAM, CAP DIRECTOR, BATTLE CREEK, MICH.

Mr. BONETTI. Thank you, Mr. Chairman and members of the subcommittee. The statement which we have provided to you is rather long, and I will summarize it and also try to present to the members of the subcommittee our very deep felt concerns over the actions that have been taken recently concerning the Office of Economic Opportunity, and indeed, the entire war on poverty.

I am very honored to have the opportunity to testify before the subcommittee. My testimony is based on 8 years of antipoverty efforts by 6 community action agencies in the upper peninsula of Michigan, which is a large rural area comprised of 15 counties with a total population of over 300,000 people.

It has very small population density. There are less than 18 persons per square mile in our part of the country. The county seats, for example, which house the public facilities that are available are often as far as 80 miles away from the outlying villages.

Iron mining has been our mainstay of our economy. Recently though, those iron mines have been depleted, and the operations have shut down. We have an unemployment rate of over 10.4 percent at the current time in those 15 counties.

In some of the counties, the county in which I live, the unemployment rate in the last 2 years has reached 24 percent of the work force.

Of the over 304,000 people who reside in the Upper Peninsula of Michigan, 44,000 live below the national poverty level, many more live at or just above that national poverty level.

The welfare rate, category assistance program, is proportionately twice as high as the State as a whole. In those 8 years that we have been associated with the antipoverty efforts, the community action agencies have established themselves as primary movers in the attempt to do something about the conditions which I have described.

The most important, we feel, and first, the most important kind of activity the community action agencies have provided has been the Outreach services to the poor and to the disadvantaged where the people live.

We do this through Outreach workers, who themselves are hired from low-income people, and they attempt to assist low-income people in their home communities. I think the key point, the services of the traditional old line social agencies are geared to walk-in plants, while those most in need of our area have no transportation to walk in for those services.

Second, the community action agencies have provided extensive employment opportunities. While the income from these jobs has not been sufficient to eliminate poverty, they have appreciably helped hundreds of poor families.

For example, one of our community action agencies recently sent two forms out. Four hundred and thirty-nine forms were sent out.

Four hundred and thirty of those forms were sent to low-income families, families who exist below the poverty line.

Another key point in rural areas throughout the country in our area is the grantmanship ability to bring in the Federal dollars for a variety of programs has been tremendously helped by the existence of the community action agencies.

I think without those agencies, many of the resources which Congress has made available to all of the people of the country would have been lost to many of our rural areas. Over the past few weeks, a number of charges have been leveled by this administration that the Office of Economic Opportunity and the community action programs have failed to meet their goal of reducing poverty and that the mission of community action for bringing about change directed at more human treatment of poor people has from the beginning been misguided and has created a separate but unequal segment in our American society.

In order to refute some of these charges, I want to, for the record, cite some of the significant program accomplishments community action agencies have made in the Upper Peninsula of Michigan.

The neighborhood facility programs of HUD: Community action agencies in two of our areas have been responsible for programs totaling \$643,000 to finance 73 percent of the cost of these centers which provide services to poor people.

The whole area of public housing, it is almost as though the rural area in our situation had not known that the program had been around since 1937. It was not until the community action agencies began their operations in our area that those local communities or local counties and cities had the opportunity to apply for and get public housing for low-income and senior citizen people of the area.

In September of 1970, 13 Indian and 2 white families moved into brandnew public housing units at Watersmeet, Mich., deep in the northern forests of upper Michigan. They marvelled over the running water and electric lights. That wonderment was made possible because the local CAP director cajoled people and organizations and agencies for more than 4 years.

He never gave up. On the day of dedication, August 1970, the bishop of the Catholic diocese of Marquette, who had donated the land for the project, praised the CAP agency. For the first time in its history, this tiny band of Chippewa Indians had decent housing.

In the area of manpower, I was quite appalled by the comments yesterday by the representative of the Department of Labor, who said that money is being withheld, or whatever it is being called, for low-income youth, when throughout the Upper Peninsula of Michigan, we have faced in the last year and 2 years numerous instances where the number of low-income youth who need the programs for employment have been turned away and denied because we have been told that there is no money for manpower programs, or there is no more money than the few dollars that have been provided for manpower programs. While these youth continue to go unemployed, this money has been impounded or whatever.

For a number of years, the rural Upper Peninsula CAP agencies have acted as an agent for the neighborhood youth program. Last year, 1,385 young men took part in that program. We could have used much more money to provide these services to many more youth.

Operation Mainstream, another program that served over 200 per-

sons in the last 5 years, and a minimum of 80 of these people have obtained permanent jobs as a result of that program.

The whole area of rural transportation which is a very serious problem has been addressed by the community action agencies. Some significant successes have resulted from that provision of transportation to low-income poor families and elderly persons.

In the area of education, Chairman Perkins indicated that hearings are being held on Elementary and Secondary Act. A part of that act calls for the participation of the people who benefit from that program.

I think without the community action agencies in the rural area, acting as a watchdog in a sense of that participation of low-income people in those programs, the school systems in the area might not well have implemented those Federal guidelines and those policies.

We have mobilized a tremendous number of resources, not only the OEO dollars for the program, but other resources of other Federal agencies and local agencies to provide for problems faced by poor people.

The area of economic development has been an extremely important one for us in rural areas in trying to set the stage for the development of industries.

Community action agencies have provided the expertise necessary to gain Federal dollars, state dollars for the provision of industrial parks for public facilities, sewer and water grants necessary to prepare our communities for economic development efforts.

In the area of health, in the past 3 years, community action agency's dental programs, covering seven of our Upper Peninsula counties, have provided 10,500 low-income children with dental care.

In over 3 years, 4,100 children have been provided applications of topical fluoride through CAP agency programs in cooperation with the Michigan State department of public health.

In the Upper Peninsula, the community action agencies have been responsible for the development of funding and spinoff which have served over 200 mentally and physically handicapped adults.

In the eastern end of the Upper Peninsula, we have an innovative health screening program which is a self-contained clinic with two examination rooms, a reception room.

The purpose of this unit is to bring health screening tests to poor people in very isolated areas of our rural community, who otherwise never would see a doctor unless they were deathly ill.

In the 9 months ending February 2, 1973, this unit screened a total of 1,247 patients in more than 30 communities in the five eastern counties of the Upper Peninsula. Of this number screened, 30 percent were referred to doctors for further examination and treatment.

These are some of the successes that we felt noteworthy to have presented before this subcommittee. There are many others. In conclusion, I would like to say the community action programs that have been previously described are a result of local people meeting together to discuss the needs and problems being faced by the poor and disadvantaged in local communities throughout our rural region.

The community action agencies have provided a viable vehicle for those needs and problems to be effectively dealt with. Without the existence of the vital community action concept and the community

action agencies, as part of this Nation's war on poverty, many of the programs referred to above might well not have been implemented.

Now, that our Nation has achieved "peace with honor" can we do no less than continue the opportunity for "life with dignity" to our Nation's poor? Indeed one of the underlying reasons for the establishment of local community action agencies in the Economic Opportunity Act of 1964 was the inability of the old line agencies to launch a coordinated mobilization of resources on the needs and problems which existed.

The present administration feels that community action has failed to reach its goal in reducing or eliminating poverty. I would submit to you that a prime concern of community action has been its frustration to more rapidly changing a system which so long has neglected the disadvantaged of our country.

The elderly who participate regularly in the senior citizen centers and 19 centers established in the Upper Peninsula, I know do not feel that the community action programs have failed.

The physically and mentally handicapped participants of the three shelter workshops who go to work and manufacture products for sale, I know they do not feel that community action efforts have failed.

The vast number of elderly and low-income residents who, for the first time in their lives, live in a decent home, for themselves and their children, I know do not feel that community action programs have failed.

This administration's notion that the community action agencies will foster a separation of one segment of our society is a charge in my opinion without basis. The community action concept has, on the contrary, brought a large segment of our population, the poor, into the system in a way which enables them to make their voice heard in the establishment of programs benefitting their lives.

The essence of community action, in fact, has been in its accountability to its constituency—the poor and disadvantaged of our nation. It has brought together, by law, the public sector, the poor and other concerned groups and organizations to make significant decisions about the expenditure of tax monies for the economic and social benefit of the disadvantaged.

No other Federal program in this century has so successfully extended the dream of democracy to the people on the lowest rung of the economic ladder, as has the Economic Opportunity Act.

While other congressional acts have mandated citizen participation in the decision-making processes, particularly the participation of those who benefit from the programs, it has been the community action agencies at the local level who have insisted that the intent and the letter of those laws be enforced, particularly concerning the right and responsibility of the poor and disadvantaged to participate meaningfully in those decisions which affect their lives.

The community action agency, under authority by this Congress of the Economic Opportunity Act, have in rural and urban communities across the Nation served as a catalyst to mobilize resources on behalf of the poor.

I submit to you that with the dissolution of community action agencies, if that were to occur, that there again would be no voice in our Federal system for a large segment of our population.

We very strongly feel that the continuation and expansion of the Economic Opportunity Act and the community action agencies are necessary in order to provide the poor and disadvantaged with a continuing voice in the development of self-help opportunities to ensure that all Americans can, in fact, participate and move toward a more decent existence.

Thank you.

Mr. HAWKINS. Thank you, Mr. Bonetti. May I indicate that it is the present intent of the subcommittee to recess at 12:30 and reconvene at 1:00 p.m. at which time the first witness will be Mr. Cavanagh, to be followed by Mayor Holland of the city of Trenton.

Then we will go on with the rest of the scheduled witnesses this afternoon.

At this time, we will hear from Mr. Cossingham.

Mr. COSSINGHAM. Thank you, Mr. Chairman.

We have been selected to testify here today because we are representative of the urban and urban rural community activity agencies throughout the United States and throughout Michigan.

It has been said that the evidence shows that community action agencies have been relatively ineffective. It has also been said that we have not removed sufficient numbers of people from the poverty rolls, that we have not done what we have been mandated to do, and that our money does not get down to the poor.

The story that I hope to share with you today is one that is shared by many CAA's throughout the United States. There are two kinds of data that I think indicate what CAA's have done.

Some of that data has not been shared with you, the Congress. I would call your attention to a study that was done in 1968 and 1969 and listing the effects of public programs throughout the United States.

This study was completed by the Urban Institute of Washington, D.C., and it analyzed four Federal agencies over a 2-year period of time.

Those agencies are HEW, DOL, HUD, and OEO. It is interesting to note that OEO had the best example of an evaluation system. Furthermore, the study shows that the best work plans were found in OEO.

This same expertise has been passed on to the CAA's. I would remind you that this study was done in 1968 and 1969 when CAA's were just beginning to mature. I wonder what the study would show today in 1973.

Another piece of hard data that has been presented to you already is the utilization test survey data for 591 CAA's throughout the United States and I will not dwell upon that any more.

I want to offer to you the program progress review of the Calhoun community action agency in Battle Creek, Mich., for the record. Every CAA in the United States has been required to put together this same kind of information, and it is readily available through national OEO, who has not provided you, the Congress, with this kind of information.

I will highlight some of that because that indicates the humanistic data which I think is necessary. Last year, in Calhoun County, the 12th largest county in Michigan, a county that is urban and rural

in nature, population of 141,000 plus, the Calhoun community action agency found 198 jobs for heads of households.

If you utilize the average family in America with a factor of four, and we know many of the families that we work with have larger families, we can say that 792 people were directly or indirectly removed from poverty as a function of jobs.

It is ironic though that ITT closed down a new modular plant in a matter of a couple of months and put 160 hard core unemployed people back on the welfare rolls.

Perhaps this explains why CAA's cannot show a significant number of people being removed from the poverty rolls. There are other factors that we have no control over. In the field of housing, we found safe, decent housing for 58 families or again affecting the life style of 232 people.

The Department of HUD last year presented us with national awards for a home maintenance and repair training program. Over 70 communities throughout the United States, including Jaycee groups, municipal leagues, local units of government have inquired about the use of our model.

In the services to the aged, we have initiated a foster grandparent program, affecting senior citizens, the oldest of which is 92-years-old, and he states that every day he reads the obituary column and if he does not read his name there, he gets up and goes to work.

There has been a five-county senior citizen feeding program, initiated for 100 senior citizens each and every day. In addition, we have been instrumental in local council on aging where senior citizens now involve themselves in the planning of activities that affect their very lives.

In the area of youth, we have developed a teenage mother's education program in conjunction with our intermediate school district and other social agencies. The intermediate school district provides the formal education, while other social agencies provide services such as prenatal care and adoption services, thus providing a complete program for the younger teenage girl who finds herself pregnant and, in many cases, without assistance.

The meager resources we have been able to mobilize serve 87 girls and at last count we had 545 girls in the county alone in need of this kind of assistance, and that was before the dance last night.

This program is presently being used as a model for other educational institutions throughout the United States and throughout the country. We have a neighborhood youth program covering eight high school dropouts.

We have had this program as of April of last year, and already one young man, Spanish American, has completed his general equivalency test and has completed his high school education. Through vocational skills he has gained through the community action agency, he is now out in the community for a full-time job.

Our in-school program, which is sponsored in three counties, keeps young people in school who have the potential of dropping out because they need additional resources that they cannot get in any other fashion.

There is so much more that I could share with you in terms of services that we are providing to the mentally handicapped, and other human service programs.

If community action agencies are shut out and closed down, that human service delivery system, the only system in the community in many cases, will be lost.

In some other parts of Michigan, one of our rural agencies using surplus Government equipment has built recreational parks and has trained low-income people to operate those parks.

Another of our more urban CAA's has constructed grant proposals that have led to the development of multipurpose centers providing a variety of human services to people of the ghetto.

There is just so much expertise out there, Mr. Chairman, that will go by the wayside if OEO is allowed to be shut down. I would like to talk for a brief moment on the use of paraprofessionals. That word was not even in existence until OEO and community action agencies came about.

Mr. HAWKINS. Mr. Cossingham, I ask whether it would be possible for you to come back in 30 minutes? I will not foreclose the questioning because I think there are several we would like to ask. However, we must recess because the House is in session and the members of the subcommittee must vote. Would it be possible for you to resume in 30 minutes?

Mr. COSSINGHAM. I am at your disposal.

Mr. HAWKINS. The Chair declares a recess. The subcommittee will reconvene at 1 o'clock this afternoon. Thank you very much.

[Whereupon, at 12:30 p.m., the hearing recessed, to reconvene at 1 p.m. the same day.]

AFTER RECESS

[The subcommittee reconvened at 1:20 p.m., Hon. Augustus F. Hawkins, chairman of the subcommittee, presiding.]

Mr. HAWKINS. The Subcommittee on Equal Opportunities is now reconvened for the afternoon session.

When we adjourned for the noon recess, we were listening to Mr. James Cossingham. Mr. Cossingham, will you suspend for a few minutes while we have some remarks from the distinguished majority ranking member of the full committee, Mr. Frank Thompson of New Jersey, and then we will get right back to you.

Mr. Thompson.

STATEMENT OF HON. FRANK THOMPSON, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

Mr. THOMPSON. Mr. Chairman, first, thank you for your courtesy. And you, sir, for yours.

I might comment that I think it is both admirable and extraordinary that Chairman Hawkins, the subcommittee having been organized only a week ago, and imposing this jurisdiction in Mr. Hawkins' and his colleagues' hands, has gone into action so rapidly. I think that it is evidence of the good judgment of the committee in creating the jurisdiction of this subcommittee, through Mr. Hawkins, who is one of the most experienced legislators in the House of Representatives and who served so many years in the California Legislature.

I personally would like to commend Chairman Hawkins for his endeavors.

My purpose at the moment, aside from expressing my appreciation to my colleague, Chairman Hawkins, is to introduce witnesses who will follow the gentleman who is on the witness stand—the mayor of the city of Trenton, N.J., who is sitting next to the former mayor of Detroit.

I also introduce Albert Robinson, a former member of my staff and now head of OEO in Trenton and recently the chairman of the NAACP there. I teased him earlier and called him “Harpo” because of his hairdo.

And a distinguished member of the city council of Trenton, N.J., Mr. Oliver Leggett, known to us, as we have known him so long, as “Bucky,” who will testify later.

I thank you for your courtesy, and I thank the witness for yielding at this time.

If I may be excused, I have a subcommittee meeting.

Mr. HAWKINS. Yes, you may, and I thank the gentleman for the very kind remarks made concerning the chairman of the subcommittee.

Mr. HAWKINS. The mayor and other guests, and Mr. Robinson and Mr. Leggett are scheduled for this afternoon and we are very pleased to have them and very pleased to hear the remarks made by the distinguished member of the full committee.

Now, Mr. Cossingham, we will get back to you after much delay and the very generous manner in which you have treated these delays.

Mr. COSSINGHAM. Thank you, Mr. Chairman.

I believe I concluded before lunch the remark about use of professional agencies.

The Community Action agencies have provided upward thrust for low-income people through the use of the role of the paraprofessional. The word paraprofessional was unheard of before the creation of OEO and the Community Action agencies.

In Pontiac, Mich., for example, the CAP has been successful in moving low-income people from the position of community aides into becoming mayors of their respective communities.

Many other paraprofessionals have moved up into significant jobs in business and industry as a function of good training and a cooperative effort on behalf of private sources.

In our own agencies two prior board members are now serving on the Michigan State legislature, and we are very much aware that two former people with CAP experience and exposure are now members of the U.S. Congress, and I speak of Congressman Parren Mitchell and Congressman Ron Dellums who will testify later on.

Although the war on poverty is, according to one of Michigan's more famous Senators, the most underfunded war this Nation has ever fought, the impact on the community has been and will be great.

If the program is defunded, the impact on the communities out there will be tremendous.

We heard this morning talk about welfare reform. Over the past year we have seen all kinds of legislation, work-fare, slave-fare, and I suppose if they could find a way to get the poor out of the United States, we would see carfare.

But we have the best welfare reform system already in place in the communities. It needs more commitment to that war on poverty, getting people off the welfare rolls to become productive members of our society.

In Michigan with the assistance of the State OEO office, the Michigan CAP-directors association is presently underway developing comprehensive statewide plans, thousands refuting the old wives' tales that CAA's are not capable of working with local governmental units.

While it is true that some CAA's and local governments are now exploring a better working relationship, it is my feeling that only time is needed to cement those relationships where the CAP's have been effective.

I remind you that most local government units have only recently received revenue sharing moneys and have not had a chance to meet their own priorities and need. If CAA are granted some additional time which they are presently not being granted, and revenue sharing dollars continue to flow to local governments, then I am confident that with summer work incentives the relationship between CAA's and local governments will grow.

I would like to talk a moment about roadblocks to further progress.

The present uncertainty of CAA's future is now penalizing many agencies. We are told that most CAP's will only receive 6 months of funding with 1973 moneys in spite of the fact that we have legislation to take us through 1974 and we have appropriations to carry us through July 1973.

What does this mean for agencies who were funded with program year date starting back in September or October? Six months of funding will carry them through the end of this month, March or April, when they will be closed down, even though there is appropriation to keep them alive until July 1973.

Already the administration is taking steps to dismantle CAP agencies while we are sitting here discussing the issue.

I heard this morning remarks by Congresswoman Chisholm concerning CAA and the controversy. I would like to comment that when you train Head Start mothers to go down and request of the local school board that they be granted their rights to participate in decisionmaking of title I programs, Head Start programs and other programs, you are controversial.

When your legal services program sues your local welfare department to get more benefits for the poor, you are controversial.

When you as a CAP director go down and remind your county commissioners or city commissioners that they spend millions of dollars on welfare and commit few, if any, dollars to self-help, you are controversial.

That is where the controversy comes in, even though we feel we are right, we are still controversial.

Other roadblocks right now at the local level are, our agency has a large grant pending of \$198,000. The grant would have been ordered to us, but now because of the uncertainty the funding source is saying, "Wait a minute, we are going to take another look and see what happens to CAP agencies."

Other agencies have found the same kind of relationships being affected because of the uncertainty of the status of CAA's.

Therefore, in my final recommendations, I would hope that immediate action would be taken by the House and Senate to stop the dismantlement and discontinuance of CAA's until Congress has had an adequate opportunity to review this whole subject.

I cannot stress the importance of that action enough.

Secondly, if revenue sharing is to become a reality, I strongly urge the earmarking of money in any revenue-sharing bill for the continuation of CAA's. Perhaps providing some incentive for local governments to build a better working relationship with the Community Action Agency.

Third, if moneys are going to be pumped into local communities, there is a need for some Federal watchdog at the local level, and I suggest to you, sir, that there is no better watchdog than the Community Action Agency, which has broad base representation throughout the community, understanding the communities' problems and knowing the communities' needs.

It is my personal feeling that Congress should move swiftly to insure that the only voice of the poor is not lost in the very quick dismantling of OEO.

At a time when the American people are concerned about the rising cost of welfare and the number of people going on the welfare rolls, it is ironic that Nation's only self-help effort is being terminated.

I implore this subcommittee and the Congress to take immediate steps to insure that community action agencies, the one agency offering hope for the poor, will remain a part of America's constitutional promise of liberty and justice for all.

Liberty from the shackles of poverty and justice through the provision of equal opportunities for all.

Last, but not least, Mr. Chairman, the silent majority, a powerful coalition of people in America, are watching to see whether Congress will finally become bullish on America instead of just Merrill Lynch.

Thank you very much.

Mr. HAWKINS. Thank you, Mr. Cossingham, for an excellent statement. May I ask you how much of the financial assistance received by your particular CAP agency is Federal and how much is non-Federal?

Mr. COSSINGHAM. Yes, sir. We receive \$113,000 of local initiative money from OEO. We administer over a million and a half dollars' worth of funding at the present time from other sources other than OEO.

Mr. HAWKINS. Would this be non-Federal sources or would it include other Federal sources?

Mr. COSSINGHAM. Other Federal sources are included in that \$1.5 million.

Mr. HAWKINS. Do you have any private money, foundation or otherwise?

Mr. COSSINGHAM. Yes; we do.

Mr. HAWKINS. Approximately how much?

Mr. COSSINGHAM. We have about \$200,000 right now in private money coming into the CAP agency. We have a huge grant of another \$200,000 pending. We have the possibility of receiving another \$100,000 for senior citizens, but the funding source says until the status of Community Action is cleared up that they are reluctant to trigger any money.

Mr. HAWKINS. In other words, you have the potential of approximately a half million dollars of non-Federal money which depends largely on a continuation of your Community Action Agency?

Mr. COSSINGHAM. Yes; sir.

Mr. HAWKINS. I have no further questions, Mr. Cossingham. I do want to express the appreciation of the committee for your fine testimony and to say that you have been very gracious about the interruptions which we have imposed on you.

Mr. COSSINGHAM. It was my pleasure, Mr. Chairman.

Mr. HAWKINS. Thank you.

Mr. HAWKINS. The next witness is Hon. Jerry Cavanagh, former mayor, city of Detroit, Mich.

Mr. Mayor, we have patiently waited for you all of the morning, for we understand that you had difficulties beyond your control. You have arrived, I am sure, to make a great contribution, and we hope you left the snow in Detroit.

STATEMENT OF JEROME P. CAVANAGH, FORMER MAYOR, CITY OF DETROIT, MICH.

Mr. CAVANAGH. Thank you, Mr. Chairman.

I do appreciate the fact that you were indulgent enough to reschedule my testimony, and I am sorry that the weather conditions were such; unlike California, Michigan does have considerable snow at this time of the year.

Mr. HAWKINS. The prepared statement will be entered in the record at this point. You may either read from it or summarize, or proceed as you so desire.

[The statement referred to follows:]

STATEMENT OF JEROME P. CAVANAGH, FORMER MAYOR, CITY OF DETROIT, MICH.

Mr. Chairman and distinguished members of the Committee.

Let me begin by expressing my appreciation to you for the opportunity to present my comments regarding what I consider a catastrophic situation that would result if the proposed budget, as submitted by the President, was to be adopted by this Congress.

I had the privilege of serving as Mayor of Detroit from 1962 to 1970. I presently am practicing law in the City of Detroit and also serve as Adjunct Professor of Public Policy at the University of Michigan. Even though I no longer have any direct public responsibility for the administration of these programs, I continue to feel most deeply about the conditions which exist in our country which have given rise to a number of these Federal programs.

I believe it would be well if we looked briefly at the conditions that existed in this country approximately 8 years ago when our national attention, and, I had hoped, our national conscience was being directed toward the plight of millions of Americans whom the author, Michael Harrington, termed "invisible Americans."

Let us recall that at that time—and really for the first time in the history of this country—there was a conscious public effort to not only mobilize our resources, but more importantly, our public conscience and goodwill, to deal with the shame of America.

In Detroit, some efforts had been made by our administration to attempt to deal with the problems of the poor even before the enactment of the Economic Opportunity Act of 1964. Through a special Mayor's Committee on Hard Core Unemployment, we were attempting to mobilize the private and public resources in a comprehensive attack on the desolating conditions in which too many of our fellow citizens lived.

Toward this end, a rather well-known report was commissioned entitled the "Greenleigh Report." This "Greenleigh Report" served, in part, as a basis for the eventual enactment of the National Economic Opportunity Act. Some of the statistical data which this report developed were, indeed, chilling. It was learned through this report that hundreds of thousands of people in the City of Detroit, who were mired in the desolation of poverty, were unaware of the limited existing public and private social agencies.

The most compelling thing which the "Greenleigh Report" demonstrated was that, in the main, practically all our public and private social agencies had, in fact, a middle-income direction, and were not serving those people who needed the services most desperately. This type of data could well have been, and in some instances was, repeated in every section of the country.

America had become inured to the existence of poverty mainly because, historically, poverty had been located in the rural parts of the country and was unseen and unknown by most of America. But, as we know so well, that poverty, rural poverty, particularly in the last 20 years, was transferred to the cities of America.

Rural poverty never really forced itself upon our national consciousness, nor did it present an immediate threat of social explosion, but once that poverty, rural poverty, and its related maladies, was transferred to the cities, it suddenly meant "urban crisis of the first magnitude."

Tragically, most local and state governments had neither the understanding nor the capabilities, particularly the financial resources, to deal with the problems of the poor. That is why I believe that when the Congress of the United States, enacted, pursuant to a President's recommendation, the Economic Opportunity Act, it was one of our finest hours in this country in that we were saying that the benefits of this country belonged, indeed, to all of our citizens. Conceptually, the poverty program was one of the most noble expressions which any government at any time had undertaken.

I believe it would be well if this country, at this point in its history, again reviewed the Declaration of Purpose of this legislative act of 1964. The words should be listened to most carefully because they have an even greater meaning today:

"Section 2. Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are widely shared throughout the nation, poverty continues to be the lot of a substantial number of our people. The United States can achieve its full economic and social potential as a nation only if every individual has the opportunity to contribute to the full extent of his capabilities and to participate in the workings of our society. It is, therefore, the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this nation by opening to everyone the opportunity to education and training, the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement and coordinate efforts in furtherance of that policy.

"It is the sense of the Congress that it is highly desirable to employ the resources of the private sector of the economy of the United States in all such efforts to further the policy of this Act."

The poverty program has become the favorite whipping boy of many people in this country. I believe it has been frequently misunderstood and often unjustly maligned. This program and the people it was intended to serve have surely been the victims of the tragic Viet Nam War as have the 45,000 young men who were killed and the hundreds of thousands who were maimed and injured in that War.

Not long after this historic legislation was enacted and in the ensuing budget years, its funding was cut back upon recommendation of the President and the hope and expectations of millions of Americans, which were raised initially, were too often dashed.

Let me emphasize, though, one point that is frequently overlooked in any analysis of this program. It was not until this program was enacted, and at times inadequately administered, that the real dimensions of the vastness of poverty in this country became apparent to many. If it served no other purpose than this one, it would have been justified. If the representatives of the national administration were to walk the streets of Detroit, Flint, Grand Rapids, Muskegon, Chicago, New York and hundreds of other communities across the face of this country, they would soon discover that this program has, in fact, touched the lives of millions of people who are better off today because of this program.

The thousands of young people in a city like Detroit, who have for years been without hope of continuing their education or obtaining any meaningful job or of moving into the mainstream of our society, are the greatest testimonial to the need for this program. The mothers of small children who previously, because they had to work, had no place to have these children cared for and, therefore, participated in the Day Care Centers, operated by Community Action centers, would obviously disagree with the critics of this program who claim that, relatively speaking, it has done nothing.

The hundreds of thousands of young and older people who, for the first time in their lives, received medical and dental examinations and some limited health

care through the clinics operated at the Community Action centers, would be dramatic witnesses to the efficacy of the poverty program. These are but a few of the real successes of a program such as this.

It is also interesting for me to observe that when government at any level spends money in relation to a human problem, particularly for the first time and when very little conclusive data is available, that it is frequently branded as wasteful and non-productive. However, when that same government appropriates billions of dollars for research and development in weaponry or armament, many of which never see the light of day, no one seems to be overly upset or questions these kind of expenditures. That, in fact, was what much of the poverty program was all about. It was research and development money being spent for our social and human needs.

It seems so obvious to me and to many others that if a particular program is, indeed, not benefiting the people whom it was designed to serve—the poor—it should be changed or altered and not the entire effort jettisoned.

One of the most tragic aspects of the President's proposed budget is that, again, military spending has increased, there is no call for meaningful tax reform or plugging major loopholes in our tax laws, but only to cut back and eliminate programs that are designed to deal with our public and human needs.

In his recent budget message to Congress, the President said this about Community Action Agencies:

"Community Action has had an adequate opportunity to demonstrate its value to local communities. Little justification for continuing separate categorical funding can be identified. Evidence is lacking that Community Action Agencies are moving substantial numbers of people out of poverty on a self-sustaining basis. If the constituencies of individual communities desire to continue providing financial support to local Community Action Agencies general and special revenue sharing funds could be used."

Let us look briefly for a moment at this quote. I would submit that Community Action has not had an adequate opportunity to demonstrate its value, particularly in view of the continued reduction of expenditures relating to this program almost since its inception. If the administration truly desired to determine whether Community Action Agencies were moving substantial numbers of people out of poverty on a self-sustaining basis, then it should propose a comprehensive monitoring and evaluation process which could measure the worth of each of the Community Action efforts.

State government, we know, has long had neither the capabilities nor the interest to deal with these problems. Certainly, at this point in time, it cannot be expected to assume additional responsibilities in these areas. In the main, **local government** throughout the country is woefully lacking in the resources necessary to even maintain a minimal level of support for these activities.

General revenue sharing was proposed as a supplement, not as a substitute, for programs like this. The proposed funding level for special revenue sharing will, in all probability, not even equal the existing categorical grant programs which are being eliminated. Local government, once again, will face the immediacy of its citizen problems without the resources necessary to reach solutions.

I would call to your attention some comments made by the National League of Cities about this problem, which are found in a recent analysis which this organization has made of the President's proposed budget:

"The loss of Community Action categorical monies will affect different cities in various fashions.

"The larger cities in the nation have generally been the repositories of the most concentrated social ills. As such, they have led the way in developing consciousness of the urban crisis, and in developing mechanisms for resolving it. They have been constrained, however, by diminishing resources."

What will happen in cities like Detroit when all of its Community Action Centers must close down and a thousand people are put out of work. When counseling in the areas of recreation, employment, housing, and welfare is eliminated, who will perform the Outreach Services for the poor. We know the private agencies are not equipped to do the task. And state government, I am sure, does not presume to take on these responsibilities.

One of the classes of citizens that will be most tragically affected, if the budget recommendations of the President are carried out, will be young people, particularly poor young people. In Detroit alone some 18,000 young people, mainly poor, who in the past had some type of productive summer job as a member of the Neighborhood Youth Corps, will no longer have this opportunity available.

Picture this, if you will. Hundreds of thousands of young people throughout America, formerly employed in the Neighborhood Youth Corps, milling about on our city streets throughout the summer with nothing to do and no hope of even receiving the barest of wages. I have attached to my testimony a short article from the Detroit Free Press of February 6, 1973, entitled "Kids Cut Adrift by U.S. Fund Slash." I would ask the members of this Committee to read that most carefully.

Let me quote from just a portion of this article. A comment by a young 16 year old student at Central High School in Detroit, Vanessa Waites. She worked last year as a teaching aide at Glaze Elementary School:

"I worked with small children, some who couldn't read. I taught them how to read, spell their name properly. Some didn't know the alphabet, didn't know about math. I taught them that.

"Now I won't be able to buy clothes for school or for fall . . . I just want to cry."

Vanessa made more than \$300 and was planning to rejoin the Corps this summer. I believe her quote sums up more eloquently the anguish and the plight of thousands of other youngsters in this country far better than I might be able to do today.

Frequently, the faces and voices of the poor in this country are those which are not seen nor heard by the rest of us. They are, therefore, beseeching their elected Representatives in Congress this year to continue to provide them with the opportunity to move up to where the rest of America is.

We should never forget that over the past decade we have raised the hopes and expectations of those who stood and watched while the rest of us prospered. Now we must heed the warning of Francis Bacon that "hope is a good breakfast, but a lean supper."

Our task continues to be to provide the nourishment that will allow each individual in this country that opportunity to grow to his full potential. This notion certainly is not new or different, or radical. It has been the dream of mankind throughout history.

This certainly is a challenge most worthy of this nation and one which I am hopeful we cannot and will not ignore.

KIDS CUT ADRIFT BY U.S. FUND SLASH

(By Gary Blonston, Free Press Staff Writer)

Without counting all the way to 18,000 think about how many kids that is.

Last summer, 18,000 mostly poor Detroit teen-agers had something to do, because there was a Neighborhood Youth Corps.

This summer, there will be no youth corps, because Detroit isn't going to get the \$4.3 million in federal money that would pay for it.

Those 18,000 kids would fill a major university, fill Cobo Arena almost twice, fill the city of Ecorse.

This summer, most are going to be on the street without jobs, without the \$1.60 an hour the youth corps provided, without the remedial education a number of them got last year, without supervision, with only time on their hands.

Detroit youth corps director Herman Sneed, who didn't know until he was called by the Free Press Monday that his summer program was about to be killed, said:

"That's going to be an awful blow to this community."

The blow came as part of President Nixon's budget tightening and was defined down to Detroit terms Monday by Mayor Gribbs.

Last March Mr. Gribbs and a group of other big-city mayors asked the Nixon administration for a major expansion of the youth corps. Mr. Gribbs said Detroit could handle 25,000 high school students if the money were there.

But the 1973-74 federal budget provided no money for the program.

Sneed was jolted. "I didn't expect the summer program to be wiped out. It's been my experience in the past that when it comes to talking about summer programs, the major portion of what's done for these kids is done through the Neighborhood Youth Corps. . . . The Chamber of Commerce and others have programs, but they have so little money.

"These poor kids need money to get along, and the only thing the city could count on was the youth corps. I expect there will be a hue and cry, if not now, certainly in May and June. People have come to expect the city to put forth that program."

Since the program began in 1966, thousands of young Detroiters have made money doing everything from cleaning streets to conducting anti-smoking campaigns. They have worked in museums, in fire-prevention programs, in beginning police work, and a variety of other capacities.

Scores of public and private agencies have opened their doors to the students, ranging from 14 to 18 years old, to provide useful work, paid for by the government.

One of the young people in the program last year was 16-year-old Vanessa Waites, a student at Central High School. She worked as a teaching aide at Glaze Elementary School.

"I worked with small children, some who couldn't read," she said. "I taught them how to read, spell their name properly. Some didn't know the alphabet, didn't know about math. I taught them that."

Vanessa made more than \$300 and was planning to rejoin the corps this summer.

"Now I won't be able to buy clothes for school or for fall . . . I just want to cry," she said.

"The purpose (of the money) was to enable a youngster returning to school to purchase clothing, books and other things," Sneed said. "We mostly find that parents helped kids to manage that money . . . to enable them to return to school and be as well-dressed as their peer group. Some saved for transportation where ~~that~~ was required."

"We do everything we can to keep a kid from dropping out of school later. In the remedial education phase, 700 kids attended nine schools and colleges."

The impact of the elimination of the youth corps summer program probably will reach well beyond the affected students and their families.

Sneed mentioned that diplomatically: "We can expect a lot of mischief."

Translated, that means a summer police problem.

"We provided these kids something meaningful to do," Sneed said. "There are going to be a lot of sorry people."

Mr. CAVANAGH. Thank you, Mr. Chairman.

Again let me express my appreciation to you for the opportunity to present my own comments today. Regarding what I consider to be a catastrophic situation that would result, if the proposed budget as submitted by the President is adopted by this Congress.

I had the privilege, as you know, Mr. Chairman, of serving as Mayor of Detroit from the year 1962 until 1970. I am presently practicing law in the city of Detroit and teaching at the University of Michigan.

But even though I no longer have any direct public responsibility for the administration of these programs, I continue to feel most deeply about the conditions which, in fact, do exist in our country and which have given rise to a number of these Federal efforts to alleviate poverty.

I think it might be well if we stopped, at least for a moment, Mr. Chairman, and looked briefly at the conditions which existed in this country approximately 8 years ago when our national attention, and I might add I had hoped our national conscience, was being directed toward the plight of millions of Americans whom Michael Harrington used to refer to as "invisible Americans."

Let us recall that at that time and for the first time in the history of the country there was a conscious public effort to not only mobilize our resources but also our public conscience and goodwill to deal with the same of America.

It is true that in some cities, Detroit being one of them, efforts had been made to deal with problems of the poor even before enactment of the Equal Opportunity Act of 1964. We were attempting at that point to mobilize in a more comprehensive way the public and private resources in an attack on those desolating conditions, really, in which too many of our fellow citizens lived.

Toward this end, Mr. Chairman, you might be interested in the fact that a rather well-known report called the Greenleigh Report was commissioned by our office at that time. The Greenleigh Report served in part at least as a basis for the eventual enactment of the Economic Opportunity Act.

Some of the statistical data which this report developed were, I would say, chilling, to say the very least.

It was learned, for example, that hundreds of thousands of people living in Detroit who were mired in this desolation of poverty were unaware of the existence of limited public and private social agencies.

But the most compelling theme, I think, which the Greenleigh Report demonstrated was that in the main at that point in our history most of the public and private social agencies had a middle-income direction.

This type of data, I am sure, was repeated in just about every area within this country.

I think America had become inured to some great degree to the existence of poverty merely because historically poverty had been located in the rural parts of this country and was unseen and unknown by the majority of Americans.

But, as we know so well, that rural poverty, particularly in the last 20 years, was transferred into the cities of this country.

Rural poverty, if we stop to think about it, which had been unaffected by decades of general prospect, never really forced itself upon our national consciousness nor did it present, Mr. Chairman, an immediate threat of social explosion, but once that rural poverty was transferred to the cities, it suddenly meant urban crisis of the first magnitude.

But very tragically most local and State governments had neither the understanding nor the capabilities, particularly the financial resources, to deal with problems of the poor.

That is why I believe, Mr. Chairman, when you and other Members of the Congress voted to enact, pursuant to the late President Johnson's recommendation, the Economic Opportunity Act, it truly could be called one of the finest hours in this country, in that we were finally saying that the benefits of this country belonged, indeed, to all of our citizens.

Conceptually, I still maintain that the poverty program was one of the most noble expressions which any government at any time had ever undertaken.

I believe certainly it would be well if the country and particularly the Congress at this point in its history again reviewed the declaration of purpose of this legislative act of 1964, because I believe the words really should be listened to more carefully today than even when they were enacted because in the judgment of many, including myself, they have greater meaning today.

The section I am sure you are most familiar with, and I won't take up your time by repeating is the preamble to that act.

But it did say that it was the sense of Congress that it was desirable certainly to employ the resources of the private sector and to mobilize the public resources in this all-out effort to eliminate poverty amidst plenty in the United States.

I think the poverty program in the main, and in the last several years particularly, has become the favorite whipping boy of many people in

this country, and I would submit to you, Mr. Chairman, that it has been frequently misunderstood and often unjustly maligned.

In my mind at least this program and the people it was intended to serve have surely become the victims of that very tragic war in Vietnam, as have the 45,000 young Americans who were killed, and hundreds of thousands who were maimed and injured in that war.

Because we know that not long after this historic legislation was enacted and in ensuing budget years, its funding frequently was cut back upon the recommendations of the President, and I think the hope and the expectations of millions of Americans which were raised initially were too often dashed.

Let me emphasize, though, Mr. Chairman, one point that I think in my judgment at least is frequently overlooked in any analysis of this program.

It was really not until this program was enacted and began to operate throughout the country, and I might add at times maybe inadequately administered, that the real dimensions of the vastness of poverty in this country became apparent to so many.

If it served no other purpose than this one, certainly in many respects it would have been justified.

I would also submit today that if the representatives of the national administration were to walk the streets of Detroit, Flint, Grand Rapids, Muskegon, or Chicago, or New York, or any one of hundreds of cities across the face of this country, I think they would soon discover that this program has in fact touched the lives of millions of people who are, indeed, better off today because of this program.

The thousands of young people, for example, in a city like Detroit who for years lived without any hope of continuing their education or obtaining any meaningful job or moving into the mainstream of our society are probably one of the greatest testimonials to the need for this program.

The mothers of small children who previously, because they had to work, had no place to have these children cared for, and subsequently participated in day-care centers operated by Community Action Agencies, would obviously disagree with the critics of this program who claim that relatively speaking it has done nothing.

And the hundreds of thousands of young and older people who, maybe for the first time in their lives, received medical and dental examinations and some limited health care through the clinics operated in Community Action centers, would be very dramatic witnesses to the efficacy of a poverty program.

I think these are but a few of the real successes of the program, such as this. So it is always interesting for me to observe that when government at any level spends money in relation to a human problem, particularly for the first time, and sometimes when very little conclusive data is available, that it is frequently branded as wasteful and non-productive.

However, when that same government appropriates millions of dollars for research and development in weapon systems or armaments, many of which we know never see the light of day, no one seems to be overly upset or question these kinds of expenditures.

I think that, in fact, was really what much of the poverty program has been all about.

It was research and development money being spent for our social and human needs. It seems so obvious to me and to many others that if a particular program is not, indeed, benefitting the people for whom it was designed to serve, in this instance the poor, then it should be changed or altered and not the entire effort jettisoned.

One of the most tragic aspects of the President's proposed budget in my judgment is that again military spending has increased, there is no call for meaningful tax reform. Or plugging major loopholes in our tax laws. You know this better than I, but only to cut back and eliminate programs designed to meet our public and human needs.

The President had this to say in the budget message:

Community Action has had an adequate opportunity to demonstrate its value to local communities. Little justification for continuing separate categorical funding can be identified. Evidence is lacking that community Action Agencies are moving substantial numbers of people out of poverty on a self-sustaining basis. If the constituencies of individual communities desire to continue providing financial support to local Community Action Agencies general and special revenue sharing funds could be used.

Let's briefly look at this quote.

I would submit today that Community Action has not had an adequate opportunity to demonstrate its value, particularly in view of the continued reduction of expenditures relating to this program almost since its inception.

If the administration truly desired to determine whether Community Action agencies were moving substantial numbers of people out of poverty on a self-sustaining basis, then I would submit that it should propose to the Congress a comprehensive monitoring and evaluation process which, indeed, could measure the worth of each of the Community Action efforts.

State government, we know, has long had neither the capabilities nor the interest to deal with these problems. Certainly at this point in time it cannot be expected to assume additional responsibilities in these areas.

In the main, local government throughout the country is woefully lacking in the resources necessary to even maintain a minimal level of support for these kinds of activities. General revenue sharing, as we know, Mr. Chairman, was initially proposed as a supplement, not as a substitute for, programs such as these.

And the proposed funding level of special revenue sharing will, in all probability, at least the figures which I have seen, not even equal the existing categorical grant programs which are being eliminated.

Local government again will face the immediacy of its citizens' problems without the resources necessary to reach any of the solutions.

I am sure you are familiar, Mr. Chairman, with an analysis done by the National League of Cities on the President's budget in which they had a number of comments to make about the Community Action agencies and their treatment in this budget.

They said, the loss of Community Action categorical monies will affect different cities in various fashions. The larger cities in the nation have generally been the repositories of the most concentrated social ills."

That is true. They were repositories of the aged, the blacks, the minority groups that don't have the ability to become mobile in our society, such as many of the rest of us do.

And as such these large cities have led the way in developing consciousness of the urban crisis and sometimes even in developing mechanisms for resolving it.

"They have been constrained, however, by diminishing resources."

What will happen in cities all across the country, in cities like Detroit, when all of its Community Action centers must close down and about a thousand people are put out of work? When counseling in the areas of recreation, employment, housing and welfare is eliminated, who will be left to perform, for example, the Outreach services for the poor?

We certainly know the private agencies are not equipped to do the task, and State government, I am sure, does not presume to take on these kinds of responsibilities.

One of the classes of citizens, Mr. Chairman, that will be most tragically affected, if the budget recommendations of the President are carried out, will be young people, particularly poor young people.

In Detroit alone approximately 18,000 young people, mainly poor, who in the past had some type of productive summer job as a member of the Neighborhood Youth Corps, will no longer even have this opportunity available.

Picture this, if you will, Mr. Chairman, hundreds of thousands of young people throughout America formerly employed in the Neighborhood Youth Corps milling about on our city streets throughout the summers with nothing to do and no hope of even receiving the barest of wages.

I have attached to my testimony a short article from the Detroit Free Press on February 6, 1973, entitled "Kids Cut Adrift by U.S. Fund Slash."

I would ask the members of this committee to read that article most carefully.

Let me quote a portion of this article, a comment by a young 16-year-old student at Central High School in Detroit, one of our innercity schools.

This young lady, Vanessa Waites, worked last year in the Neighborhood Youth Corps as a teaching aide at an elementary school in that city. She said:

I worked with small children, some who couldn't read. I taught them how to read, spell their name properly. Some didn't know the alphabet, didn't know about math. I taught them that.

Now I won't be able to buy clothes for school or for fall . . . I just want to cry.

This young lady made more than \$300 last year and was planning to rejoin the Corps this summer.

But I believe her quota sums up more eloquently the anguish and the plight of thousands of other youngsters in this country, certainly in a way far better than I might be able to do today.

We have to know, Mr. Chairman, that the faces and the voices of the poor in this country are those that are not seen and not heard by the rest of us. They are, therefore, beseeching their elected representatives in Congress this year to continue to provide them with the opportunity to move up to where the rest of America is.

I don't think we should ever forget that over the past decade we have raised the hopes and expectations of many people in this country who have stood and watched while the rest of us have prospered.

Now I think it is time we heed the warning of Francis Bacon when he said, "Hope is a very good breakfast, but a lean supper."

Our task continues to be to provide the nourishment that will allow each individual in this country that opportunity to grow to his full potential.

This notion is certainly nothing new or different or radical.

It has been the dream of mankind throughout history.

This certainly is a challenge most worthy of this Nation. I can think of no other challenge that has ever beset this country that really is more worthy. And one which I am hopeful we cannot and will not ignore.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you, Mr. Cavanagh.

I cannot begin to commend you highly enough for the very fine statement which you have presented to this subcommittee. In view of your background and the experience that you have had in the operation of one of America's great cities, the testimony you have presented to this subcommittee is valued very highly.

On page 10 of your statement you make reference to 18,000 young people, mostly poor, who this summer will be looking for summer jobs. You indicate that they will no longer have this opportunity.

Yesterday before this subcommittee we had testimony from a representative of the Department of Labor that these young people must look to moneys which have presumably been accumulated in the emergency employment program but not expended for the purpose which Congress had intended—that is, to provide meaningful jobs in the public sector for the unemployed.

We are now told that through various ways a surplus has accumulated which they claim will be available for these young people.

Now, overlooking the fact that this money has been withheld from the unemployed, veterans included, who will also be looking for employment this summer, do you envision that the young people who expect to be in the Neighborhood Youth Corps will be able to rely on these rather uncertain sources?

Mr. CAVANAGH. I certainly do not, Mr. Chairman. The rate of unemployment statewide in the State of Michigan is now 7 percent.

That is the official rate of unemployment. Inside the city of Detroit, using those same standards of measurement, it is about 8.5 percent.

We do know in Detroit, as in every other city in America, the rate of unemployment among teenagers can easily be double or triple that.

Certainly black female unemployment is always three or four times that of the standard unemployment inside a city and rising each day practically in a State like Michigan.

I think it is a cruel charade to suggest that because there is a surplus through some budget juggling in the Department of Labor on that public employment money, somehow that is going to accommodate 18,000 to 20,000 youngsters as well as other people that are affected by these cuts.

It is estimated that about 25,000 people would immediately be out of work or have no job opportunities available if these proposed cuts, just in these areas we are talking about in this committee room, were enacted by the Congress.

You add 25,000 unemployed to the work force of any community, and we know the multiplier effect in putting 25,000 new people into the

unemployed categories in these cities, and I think that it is really absurd to suggest that, somehow, there is all sorts of additional money.

If so, that is a tremendous indictment, it seems to me, of a government that has failed to authorize the money for use where it is so badly needed at the present time in areas of high unemployment.

Mr. HAWKINS. I think you did indicate that the unemployment rate in Detroit was 7 percent.

Mr. CAVANAGH. In the State it is 7 percent. In the city of Detroit it is 8.3 or 5.

Mr. HAWKINS. So there is at the present time a very urgent need for expenditure of any possible sources of money to provide employment?

Mr. CAVANAGH. There is no question about that.

Mr. HAWKINS. Mr. Cavanagh, I believe your statement indicated that you were Mayor of the City of Detroit in 1967 when Detroit experienced what could be called a civil unrest, a disturbance.

There have been statements made recently by the Director of the Office of Economic Opportunity that the Office of Economic Opportunity programs have contributed or been largely responsible for these disturbances, and there has been a tendency to connect such disturbances with the program in some mysterious way.

Would you care to comment on what connection, if any, you see between the existence of Community Action programs, of the Office of Economic Opportunity, and any disturbances that might have been generated in Detroit, Los Angeles, and other cities throughout America. And then would you compare that with what may be expected if these cutbacks are not reversed and if OEO programs are eliminated as is being proposed?

Mr. CAVANAGH. Mr. Chairman, I would hate to contemplate; in about 140 cities during the last sixties there were some types of riot or civil disturbance, or whatever they might be termed. Some obviously more major than others. I would hate to contemplate what would have happened in most of those communities had we not had a Community Action program or a poverty program.

I know whereof I speak. We did some interesting analysis immediately after that riot in 1967, and I think we had about 5,000 young people in the Job Corps and Neighborhood Youth Corps at that point in time.

Not one of those youngsters in that program was arrested during that week, and there were about 6,500 people arrested in Detroit, and it seems logical since many of the Neighborhood Youth Corps youngsters came from that area they would be involved to some degree. But it is an interesting statistic because I think it demonstrates very well at least in that phase of it what one program meant at least to those 5,000 youngsters who did not participate in any breaking of the law or looting or anything of that kind.

Then, also, I know that the Community Action people who were working, the staff people, were an immense help to the administration in trying to bring some sanity and reason and order to that community during the week and immediately following it.

I think it is far too volatile a situation. In looking back to the year 1968, when we had the 1967 Kerner Commission, and its exhaustive documentation, how can anyone realistically suggest today that the

situation inside all of these cities across the country is materially better today than it was then?

I just do not believe that is the case.

You add to that volatility the fact that all of these programs dealing with people that are in low-income areas are either eliminated or cut back, and I shudder to think of the consequences.

I am not down here today, Mr. Chairman, yelling riot, but I think we should be realistic and look at these facts as they actually exist.

I don't believe that this national administration is doing that.

Mr. HAWKINS. Mr. Cavanagh, I wish we had more time to develop some of the points brought out in your very excellent statement, but, because it is so excellent, I think it is perhaps unnecessary.

We want to thank you on behalf of the committee for your contribution and for the sacrifice you have made in coming here to testify today.

We will be looking forward to inviting you back to this subcommittee. I know you have been before the committee before. We certainly appreciate what you are doing and hope that you will some day be back in public service because I think we need such sterling leadership as you demonstrated when you had that opportunity. You are now continuing that leadership without a public obligation to do so.

Mr. CAVANAGH. Thank you, Mr. Chairman. I am open to any suggestion you might make about reentry into public life. Thank you.

Mr. HAWKINS. Thank you.

The next witness for the committee was also deferred from this morning. He is Mr. Arthur Holland, mayor of the city of Trenton. He will be accompanied by Councilman Leggett. Will Mayor Holland and Councilman Leggett please come to the witness table?

Mr. Mayor, we will certainly appreciate your comments on this rather volatile question, as it has been referred to, and as mayor of one of our great cities I commend you for taking the time out from your official duties in order to come before the committee.

We know you have much to offer to us and we now gratefully acknowledge any statements that you care to make.

STATEMENT OF HON. ARTHUR HOLLAND, MAYOR, CITY OF TRENTON, N.J.; ACCOMPANIED BY COUNCILMAN OLIVER LEGGETT, CITY OF TRENTON; ALBERT ROBINSON, EXECUTIVE DIRECTOR, CAA; AND WALTER SULLIVAN, DEPUTY DIRECTOR, CAA

Mayor HOLLAND. Thank you, Mr. Chairman.

With Councilman Leggett and me are Mr. Albert Robinson, executive director of our Community Action Agency, and the deputy director, Walter Sullivan, both of whom Congressman Thompson made reference to earlier.

I have no formal statement and so, therefore, will move around a bit. In fact, I would like to start with my "State of the City Message" of February 4, 1965, and read from that a few excerpts which will give some background for the conclusion I would like to draw from by state of the city message of a week ago tonight. This, February 4, 1965:

One of the most dramatic developments in our nation and community during the past year was the formation of a formal and comprehensive program designed to alleviate and eventually eliminate poverty.

Trenton's War on Poverty was actually launched in July 1964 when the Human Renewal Coordinating Committee was created to determine the city's social needs and marshal the city's resources to meet these needs. Its purpose was to coordinate efforts of all existing public and private agencies regardless of whether the then-proposed Economic Opportunity Bill of 1964 became law.

When the Economic Opportunity Act was passed, however, the city was prepared to take immediate advantage of it.

The Human Renewal Coordinating Committee decided upon the neighborhood concept as a basic approach and selected the non-profit corporation for its structure. It was felt that a non-government organization would attract the greatest degree of citizen and private organization participation, and that this type of organization would receive the most favorable consideration from the Federal government and from non-profit foundations.

Later in that message:

Poverty in America today is concentrated largely in the old, big cities such as Trenton. It is important that the nation's cities mobilize all resources in this anti-poverty effort. Only a total approach can be successful.

We are fortunate in Trenton to have close cooperation between public and private social welfare agencies.

Again from that message:

The best immediate answer to our financial problem is to be found in the real estate tax relief which would come with passage by the State of a broad-based tax or from the President's proposal to aid with education of children in poverty-impacted districts. Meanwhile, through the Economic Opportunity Act of 1964 we have the means with which to begin on a large scale to solve socio-economic problems which have made state and federal assistance necessary. The Human Renewal of the War on Poverty, combined with urban renewal, can result in a renaissance.

Mr. Chairman, I had the privilege of being very intimately involved in the development of the war on poverty. I served at the time with former Mayor Cavanagh on the executive committee of the National League of Cities, and offered the motion which put the executive committee of the National League on record in support of what was then the economic opportunity bill in the process we hoped of becoming law.

Then we organized the floor fight at the congress of cities in support of that legislation, and so Detroit and Trenton were ready upon passage to implement its provisions.

I can recall, as Mayor Cavanagh did, at the time what a tremendous breath of fresh air, in effect, this was for the Nation.

For the first time the Nation recognized formally that there was poverty and was making a national effort to meet its needs.

I would like to read from a review of what was going on in Trenton's war on poverty only a few years after the war began.

At any given moment Trenton's War on Poverty may involve teaching a high school dropout how to make tapioca pudding, and so forth, getting a first-offender out of jail, or feeding milk to a 4-year-old child, finding a job for an unemployed father, sending a girl to summer camp, getting a haircut for a man looking for a job, and all of the other little things that add up to a \$5 million program touching the lives of one-third of the people of Trenton.

-Those programs substantially have been continued.

As Mayor Cavanagh indicated, I shudder, too, at the thought of what our city and other cities would be without these kinds of programs; and we stand today on that kind of situation if the Federal

Government continues its policy, as indicated from statements in Washington today.

These are some of the programs in effect in our cities today.

We have a consumer specialist. A welfare specialist. A housing specialist. The titles don't mean anything unless they come alive in terms of people who are knowledgeable in these fields helping people who are completely lacking in knowledge and who need help and who are going to public agencies so they can get what they are entitled to, as with the Legal Aid Society.

The community school program. For years, I wanted to see the public schools open after school and at night. We didn't have the funds. We have seven such community school programs in Trenton today under the auspices of the community action agency, and this is the most significant thing about that particular program, involved are 18,000 volunteer man-hours working with staff people in those community schools.

Summer projects. Princeton Day School. Lawrenceville. This has meant bringing together urban and suburban children with each of the type of the communities contributing. I attended 2 years ago the graduation exercises in Lawrenceville symbolic of the opposite of what we see today in the old central cities, and I was pleased, as were all of those present, to see the happy situation that had come about as a result of this exchange through the summer months.

An alcoholism program. And so many others that, without which, it would cause us to go back where we were when the war on poverty began.

Not that the conditions in the city are better today than they were then. The point is they would be far worse, were it not for the war on poverty.

The Neighborhood Youth Corps. New Careers. We were talking in the corridor coming here, and in the car, coming here today, the four of us, about the number of individuals, and these weren't statistics, these were people who had names, who would have dropped out of high school, perhaps been in trouble in one way or another, who went on to college, and today have responsible and leadership positions in our society.

Obviously, there have been problems in connection with the war on poverty, and it is upon these problems that the administration, I believe, is seizing as the basis for discontinuing substantively, if we are to believe what we hear, we are already getting the word, we have received our official word with regard to the model cities, as basis for dismantling, discontinuing the war on poverty.

Certainly we have had problems. There have been problems I would assume in every city where there has been a community action agency, where there has been a war on poverty, and I would think that one would be surprised if there were not problems because, for the first time, we are entering into a difficult area and one, as I said, would expect to have difficulty in trying to apply solutions to what were tremendously difficult problems.

I would, therefore, be the first to admit that we should review the design of some programs, the management, the mechanisms, both of the national and local and State levels for implementing these programs.

The only differences Jerry Cavanagh and I had when we were working together in National League and U.S. Conference of Mayors was a difference with regard to where the war on poverty should be localized.

He felt it should be centered in city hall. I felt it should be centered outside of city hall.

Today I am more inclined to move in the direction of city hall. He may today be more inclined to move in the direction of outside of city hall. But that is unimportant.

What is essential is that the needs be recognized and the funding for programs to meet the needs be continued at least at present levels.

Funding. We are receiving now about \$6 million overall. About \$950,000 would go to the CAP for community action programs. We can't say for sure, of course, how much of this will be lost because we haven't seen the Community Development Act as it will be defined for introduction to this Congress, and we won't know finally, of course, until we find how the administration will receive whatever Community Development Act, the first of the special revenue-sharing bills will be passed. But the advance word is ominous.

I met in Camden on Monday of this week with the director of the area office of our region and got the word officially that we are down to 55 percent of what we had been funded for model cities, and model cities and its programs is substantially the same as OEO programing.

I think the most dramatic way in which to present the decision-making problem which mayors of the old central cities are going to be faced with as we approach this summer is to consider what we do about the young people and the older people who have been given jobs through the Neighborhood Youth Corps for summer employment programs and those employed under the Emergency Employment Act.

Do you choose the young man or the older person? If they are both in the same family, I think we would all agree that we would give the job to the man. First of all, to help him with regard to his own dignity. But in many, many instances in cities like ours, there isn't any father in the family.

We employed last summer about 1,600 young people, about half of those who needed jobs.

With regard to Mayor Cavanagh's reference to potential for civil disturbances, these young people who have been able to jingle a few coins in their pockets as they stood on corners after work, we know, not too many years ago, they had stones in their pockets which found their way to windows which were those of stores which some day would afford job opportunities to the very young people who, without direction, without knowledge, would break those windows.

We have a neighborhood health center which admittedly has been difficult of management, but which has been the agency through which, the first time, people of all ages would receive aid who never did or never would have been receiving.

I share former Mayor Cavanagh's conclusion that it is simply incredible to think that at a time like this the National Government would consider cutting the moneys that have been made available for meeting the needs of the poor in this country.

I would like now to conclude my presentation with a small section from my state of the city message of a week ago tonight.

Before I do that, let me stress again the need for some mechanism. I think we need at the national level an Office of Economic Opportunity, under whatever name, because if we, even if we continue the programs at their present funding, unless there is a focus for presenting needs and through which to coordinate programs to meet those needs, I don't think either the attention needed will be given nor will the funds required to forthcoming.

I am not arguing for placement of this in any particular department or for its being a separate agency. I do believe that it is essential we keep at the national level an emphasis of the need to fight poverty when the act was passed.

Mr. HAWKINS. Mayor, are you making a distinction between a central agency rather than having to do business with four or five different Federal agencies, as would be the case if the programs are scattered among various agencies, including Department of Labor, HEW, OMBE, and the other Federal agencies as has been proposed?

In other words, do you prefer dealing with one single agency on the total need rather than a number of agencies?

Mayor HOLLAND. I think there might be a compromise arrangement possible whereby certain programs, having been tested and found valid, could be placed in an appropriate department of Government, but that there still would need to be a coordinating agency such as OEO to relate one to the other and to make it easier for local and State officials to make their wishes known to the Federal Government in this regard. And I think the same thing could be said about the local level and the State level.

There was a time when the state of our society was considered apart from other levels of government. Not so today. Our future is significantly dependent today on what happens at the county, State, and Federal levels. County and State governments are our partners in the renewal of Trenton and Federal funding is essential to this renewal. The county and State governments all play increasing roles as the Federal Government's involvement in the municipal governments ends.

My concern is that Federal, general, and special revenue sharing will not be sufficient to enable us to continue needed categorical programs at present levels or that there will be a gap between curtailment of Federal program funds and the availability of funding for these programs under whatever new arrangement is decided upon by the Federal Government. If Federal funding is inadequate for housing programs, the State government could assume that responsibility, just as county government is offering a regional arrangement for the disposition of solid waste. County and State governments have shown an increasing sympathy for the problems of the cities. The Federal Government seems to be decreasing its concern for our Nation's No. 1 domestic problem. Federal assistance to cities came only because the private sector did not meet their needs.

The problems the programs were created to solve are still with us. The urban condition will only worsen should the Federal Government withdraw or decrease its support to cities in need.

Mr. HAWKINS. Thank you.

Councilman Leggett, do you have some prepared remarks?

Councilman LEGGETT. Yes, sir. I wish to thank you for the opportunity to appear before you today and speak to some of my concerns regarding the President's proposed budget for the fiscal year 1974, specifically, the part dealing with the discontinuance of the Office of Economic Opportunity.

**STATEMENT OF CITY COUNCILMAN REV. WILLIAM OLIVER
LEGGETT, JR.**

Councilman LEGGETT. Ladies and gentlemen of the subcommittee, I speak to you on this issue from several perspectives. For one thing, I reside in a community action agency target area. I have worked for Trenton's community action agency and I am presently serving as a member of its board of trustees.

However, beyond these concerns I am speaking as a city councilman first and foremost, for the proposed abolition of the Office of Economic Opportunity will affect not only the participants of the poverty programs but it will affect our entire city to a staggering degree.

You have heard Trenton Mayor Arthur Holland describe the scope of community action in Trenton and the various relationships which our agency has made through municipal government and local services institutions. I would like to speak to the issue of social programs in the city at large.

As to funding, Defense Secretary Elliot Richardson, in a statement released in December, referred to the variety of social welfare programs as "cruel shell game." But I feel that another shell game, equally cruel, is being perpetrated by the administration through its new budget. Cities, it is true, are to receive general revenue sharing funds. And these are commonly believed to be a sort of windfall, without particular claims against them. However, a moment's analysis will show that this is not the case.

Through various categorical grant programs the city of Trenton has received approximately \$8 million a year through the Economic Opportunity Act, The Manpower Development and Training Act, the Demonstration Cities Act and other funding sources. Some of these programs will survive, however, there is no indication of continued activity by the Office of Economic Opportunity, nor is there any assurance that the net amount of money which cities receive will remain the same, let alone increase. Moreover, recent administration statements have suggested that if community action—and presumably other programs—have shown their worth, the people they benefit can take their claims to city hall. We simply do not and in the foreseeable future will not, have the money to honor such claims. I put it to this committee that this is a shell game of the cruelest order and it is being perpetrated in the name of a "more compassionate system of social services."

As to the possibility that categorical social programs in general, and community action in particular, have been insufficient, let me say that the attempt to create new programs and new modes of delivering them at the same time is bound to be fraught with difficulties. However, I do not feel that the administration is fairly presenting the accomplishments of these agencies to the American public.

For example, the new director of OEO, Howard Phillips, has been quoted in our local newspaper to the effect that OEO and its programs are Marxist in concept and execution because they see the poor as a class apart. But it was neither OEO nor the poor people of America who restricted themselves to central cities by racial prejudice or exclusionary zoning. It was neither OEO nor the poor people of America who retreated from full employment goals as this administration has when this Council of Economic Advisory Chairman Herbert Stein casually announced that even 4 percent unemployment was no longer a feasible goal and intimated that we would have to endure even greater unemployment in this country. So you see, what the administration is saying just "ain't necessarily so."

Moreover, the overall performance of OEO was thoroughly evaluated by the Comptroller General of the United States in his 1969 report to the Congress, in which he concluded:

The concept of a community mechanism, exemplified by the CAP's and the CAA's for focusing public attention on the condition and needs of the poor, for determining the causes of poverty, and for developing and executing the approaches leading to the elimination of poverty has been tested and appears to have gained acceptance in most sectors of our present-day society.

With respect to the delivery of services, the CAA's at the locations covered in our review have generally been successful in initiating or expanding and continuing a variety of programs and activities which have brought new or additional services and benefits to the poor that previously were unavailable or available only on a limited basis.

In summary, we believe that the CAP has made an important contribution in involving disadvantaged individuals and groups in low-income and poverty areas. In considering the longer term future of the CAP, the objective should be to strengthen, not weaken, this participation. The central issue, therefore, is how this can best be done.

Mr. HAWKINS. Thank you, Councilman Leggett.

May I ask you several questions? One concerns the fiscal resources of a city such as yours, Mayor Holland. The impression has been given that somehow cities have recovered in the last year and that they are now in such an improved fiscal situation that they can make it on their own to a large extent and therefore, do not really need as much Federal assistance as they did. Assuming that cutbacks are actually made, not only in the antipoverty programs, but in the various other areas that have been suggested—manpower, aid to housing and various areas of health, and so on—would it be possible for the city of Trenton to absorb the cost of these programs, even if you did receive revenue sharing, so-called revenue sharing, and the rest of your emergency employment money?

Mayor HOLLAND. Our Federal revenue sharing allotment, even with the two entitlements, one and three-quarters of the two entitlements being able to be expended in 1973, does not even enable us to maintain existing services, given the rate of inflation. If the Emergency Employment Act, the public employment program, is discontinued, we will have approximately 400 people unemployed in our city. Interestingly, we have been able to introduce to regular employment with the city about 10 percent of the people employed under the Emergency Employment Act. I think it is one of the finest programs ever to come out of Washington and an excellent example of the Government as the employer of last resort. If the various categorical

programs to which reference has been made are not in the aggregate fundingwise, covered by the special revenue sharing programs, and this is what appears will happen, we clearly have no capacity to carry from our local economic base any proportion of the programing if it were not being covered when the transfer is made from categorical to general and special revenue sharing.

Mr. HAWKINS. What is the possibility of increasing local taxes?

Mayor HOLLAND. Sir—

Mr. HAWKINS. If I may be silly.

Mayor HOLLAND. I know you ask that question as the chairman. If it were not for general revenue sharing and if it were not for our State aid program, and keep in mind we are relatively well off in comparison with Newark and Camden, we would be in fiscal crisis. In fact, the way it is going in our State we have yet to achieve the tax reform I referred to in my State of the city message of 1965. It is just a matter of time before the State of New Jersey takes over the cities, the old central cities of our State.

Mr. HAWKINS. May I ask you here what may seem rather a personal question. You obviously can react as you desire. What would you do if the veterans, the minorities, the poor people, the unemployed adults and all the others descended upon you at city hall beginning July 1 to demand attention and to get some of the same benefits and services which they have always had.

Mayor HOLLAND. First, of course, I would refer them to their ward councilmen.

Mr. HAWKINS. You may not be able to locate him.

Mr. LEGGETT. If I could afford to be away.

Mayor HOLLAND. To be serious, I will say categorically that, if the Federal Government continues in the direction in which it is moving, it is asking ultimately for a return of the riots.

Mr. HAWKINS. I think that is a very candid answer. That is the answer I would have given with respect to my own district in Los Angeles where I am also anticipating that they will descend on their Congressman. Incidentally, I do not want to delay you any longer. I think your statement has been an excellent one. It is a real privilege to have heard the testimony you have given. I want to say the same applies to Councilman Leggett. I also want to commend you and Mr. Robinson. It was very interesting testimony. I can see it is a testimony to the very able Congressman from the district. It has been a pleasure to have you before us.

Our next witness is a spokesman in this particular field, one who has had great experience in the manpower area: I am honored to welcome before the committee the Honorable Ron Dellums, U.S. Representative from the 7th District of California. Mr. Dellums, it is a personal privilege to welcome you here.

STATEMENT OF HON. RON DELLUMS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DELLUMS. I would like first to thank the chairman for conducting these very important hearings about the very critical crisis that we face in our country today.

I would certainly like to thank the chairman for this opportunity to speak before him and his subcommittee in hopes that these few humble remarks may assist in finding some way to alleviate oppression and devastation I feel imminent.

The obvious solution to poverty, as everyone has known all along, is more money. Without that, no program or agency can change the basic facts. But to assume that the poor are poor because they want to be, is idiocy. That assumption only contributes to the problem and solves nothing. Therefore, OEO may have been wrong in concept. The objective of setting up an agency designed to separate the poor as an identified client group—as for farmers, working people—tends to stigmatize the poor, isolating them from others with similar needs and goals.

Perhaps greater efforts should have been extended to turn OEO into a watchdog over other agencies—serving the poor—as an ombudsman to insure access and validity of services.

Congress is at fault here in not observing greater responsibility in its oversight functions. Congress let the administration continue programs known to be nonoperating or doing poorly. Now, instead of reform or redirection—the function of Congress—instead we are asked to give serious consideration to dismantling the entire effort.

Programs designed specifically for the poor seldom generate broad public support needed for continued funding at a level high enough to make an impact on the problem.

OEO has continually suffered from this dilemma. It has neither enough money nor enough clout to obtain more. Now, it is being killed because Congress has never been willing to make the war on poverty more than a skirmish. The same situation exists for Federal school aid and manpower programs. And when it has worked, the war on poverty has been impressive. The variety of poverty related programs combined with economic expansion begun in 1965 to reduce the number of persons in poverty every year, until the administration halted that trend, reversed it, and increased poverty by over 1 million persons in 1970.

I note here that when we deal with such statistics, there must be some understanding of what they may indicate in both quantitative and qualitative analysis. For example, every increase in social security benefits will decrease the absolute poverty numbers more than any other single action but this move usually is taken at the cost of a regressive tax and one which affects, interestingly enough, the white poor much more than the black, brown or native American poor since almost 23 percent of the white poor are over 65 as compared with 10 percent of the black poor and to 15 percent of the Spanish-speaking poor.

But the establishment loves to create these studies about exactly who the poor are. According to the administration, the poor are black welfare mothers with eight kids all living in the same central city slum. By fooling the public as to who the poor are, because the poor are more like the working class than the working class is more like the affluent, at least in terms of problems, needs, exploitation by the Establishment, Nixon has encouraged dissension between the poor and the working class and among races of people desperately in need of help in this country.

Perhaps the greatest tragedy is that the agency contributed to driving a wedge between the working poor of every color and the

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working middle class of every color. This happened because resentments and competitions were set up between children who all needed the same help for summer jobs, special school programs, help to get in and remain in college, and so on.

We should remember that the original tone of OEO under Sargeant Shriver was not to set up a welfare agency to make the poor more comfortable in their misery, but rather to get people out of poverty—to address ourselves not simply to the symptoms of poverty but to the basic causes of devastation and poverty.

A return to that maxim is essential. We do not need a spate of welfare agencies, all of them operating to serve the needs of the poor, but we need a mechanism to eliminate the sources of poverty itself.

The answer to both the administration's recommendation and the Congress assenting to such dismantlement is that such action does not relieve the problems that OEO was established to solve.

It shows the failure of both the executive and the legislative to find new ways to solve these problems and to push the problems back to the line agencies who have been unable and unwilling to solve the manifold problems of the poor, indicates a lack of leadership by both branches.

OEO has tried too much rather than too little. It tried its hand at everything and therefore can claim credit for little. For example, manpower, child care, neighborhood centers, emergency food, youth programs, aging programs and we can go on ad infinitum.

However, where it has concentrated effort it has succeeded and its success has been unchallengeable when it is operated outside of other bureaucracies as with legal services or when a program has been maintained long enough to establish both form and content as with the community health services which have brought preventive medicine to slums and reduced the incidence of disease.

Yet, the administration can find funds to subsidize the agribusiness switch to mechanization but not for the cost of the displaced farmhand trying to adjust to an urban labor market with no skills or education essential to the acquisition of skills.

The National Government has been willing to subsidize at a cost measured in the billions the middle-class flight to the suburbs which came about through Federal programs, funding highways, home loans, water and sewer grants, and so on, but the Government is totally unwilling to assist those persons left in the wake of that flight.

Yet the responsibility does not rest with the cities. The cities did not create the problem. They were merely the recipients of a national revolution which saw this mass exodus from the cities to suburbs and the resulting fiscal and services crisis.

As a result of every decision the Government makes concerning expenditures, it creates or eliminates jobs. Therefore, a decision to eliminate community action agencies clearly is a decision on the part of the Nixon administration to eliminate approximately 184,000 jobs for those persons recently emerged from poverty, many of whom are black, brown, and native American.

Work is the key to independence but of the 5 million unemployed, 95 percent of those on welfare are women with children, who should get the work, fathers dependent on casual labor or the mothers dependent on welfare? Both are working, however, the man as often as he can, the woman in in the job this society has traditionally placed upon her.

If all the housework were recompensed at wages and all those wanting jobs could be offered stable work, might not families and communities be improved? Who can look at our cities and question whether there is enough work to be performed? Do we accuse the woman of the working class because they can not work outside of their homes and discharge family responsibilities? We have placed emphasis on day care for children under 6 but what of the child 6 to 12 after school and during holidays when the mother is working and no arrangements are made for care of her children?

The youth who represent the major source of the unemployment and the major share in drug abuse need funds and creative efforts to improve their opportunities to move out of poverty.

Manpower and training programs that Nixon proposes to cut are essential for that purpose. They were designed to provide work experience and train youth and encourage them to remain in school.

The Nixon response is the WIN program. I might add here parenthetically that at the outset of the development of the WIN program, it was commonly referred to at that time at least as the WHIP program which probably is much more accurate with respect to the actual thrust of this program.

In the relative validity of who most needs work assistance, is it not the young clamoring for admission to labor markets that we should help, or should we force women who would prefer to stay home to work in the home to care for their children? Is it somehow more virtuous and truer to the work effort to work outside the home caring for other children than to work in the home caring for one's own?

If New York City had not been a fully satisfactory program, is it now more benefit to cause this program to be operated as it was desired by Congress or to permit the local community to have an opportunity to redesign it rather than to cut back OEO money and WIN money that is yet to have a positive evaluation or a placement rate better than 40 percent and is based upon a cumulative assumption that the poor should be willing to work for less money than our nationally established minimum wage?

Although these hearings concern OEO, it is my hope that in the coming weeks similar hearings will be held by other congressional committees on cuts on education, health, and other vital service areas.

The issue before us to a degree is even that if we were successful in getting Congress to reinstate the OEO program cuts, what are the alternatives for goals underlying OEO?

I suggest two alternatives exist: (1) Given the fact that the Nixon administration is unlikely to become more sensitive to the working class and poor, vital social programs may have a better chance of surviving under mayors and local officials if and only if there are accompanying tight Federal regulations, clear monitoring procedures, citizen participation, strong congressional oversight and congressional demand for periodic staff reports which also should be made available to the public, and (2), given the continued fiscal deterioration of our inner city and rural areas, of public service career programs making the best alternative we have at the moment. Such legislation would need provisions for involvement of communities receiving assistance together with monitor evaluation and technical assistance then, so that that local community can be involved in that process.

I might add, Mr. Chairman, that one of the problems in the creation of OEO was to give the poor \$2.175 billion to wage a skirmish on poverty. They, in turn, were forced to compete with other leaders and members of the establishment who were equipped with the necessary information, experience and technical assistance to cope at a very sophisticated level, thus leaving the poor totally disarmed and unable to compete at this sophisticated level. The result was to wipe them out and then to state that the war on poverty was a miserable failure.

Again, Mr. Chairman, the original purpose of OEO was to end poverty. While it has failed to do that because of the totally inadequate amount of funds available, it seems to me we are more preoccupied with placing billions of dollars into the hands of people who would bomb and destroy and kill and only a mere amount of crumbs to solve the desperate problems of poor and black and other third-world people.

And many other factors have created that so-called failure, including our inability as Members of Congress to effectively carry out oversight to protect the integrity of the people the program was designed to serve.

OEO has gone a long way, Mr. Chairman, in creating mechanisms for potentially bringing large numbers of people into the economic stream. The phasing out of nearly 180,000 community action jobs and nearly 150,000 jobs under the Emergency Employment Act is hardly a way of accomplishing this noble aim. We need a redirection to the goals of alleviating poverty so we can get on with the business of developing creative responses and alternatives to perpetuate the existence of a free, just, and equitable society. That concludes my statement.

Mr. HAWKINS. Thank you; I am not going to ask any questions because I know you are operating on a very tight schedule. I regret we had to delay you as long as we did. Certainly we are deeply indebted to you for this very excellent statement.

Mr. Benitez, do you have any questions?

Mr. BENITEZ. No questions.

I share the sentiments of the chairman.

Mr. HAWKINS. I hope we have not delayed you too long.

Mr. DELLUMS. Thank you very much, Mr. Chairman. My distinguished colleague. I look forward to joining you in any effort we can to redress the grievances of the millions of poor, black, and other third-world people in this country as we try to bring this Nation to what it ought to be and not what it presently is—a nation run by a czar and not a President and a nation where the U.S. Congress is a third-level power and not an equal power to do the business of making this a serious democracy. I thank you.

Mr. HAWKINS. The next witness will be a panel consisting of Mr. Charles Trimble, executive director of the National Congress of American Indians and others, Mr. Dan Newman, and some others. We understand you do have an extremely tight schedule and time problem. We regret that we have not been able to reach you up to this point.

Unfortunately, we have more witnesses than we do have time. Mr. Trimble, will you introduce your people please.

STATEMENTS OF CHARLES TRIMBLE, EXECUTIVE DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS, ACCOMPANIED BY GEORGE EFFMAN, EXECUTIVE DIRECTOR INTERTRIBAL CONGRESS OF CALIFORNIA, AND KENNETH FREDERICKS, ECONOMIC DEVELOPMENT DIRECTOR, NATIONAL CONGRESS OF AMERICAN INDIANS

Mr. TRIMBLE. To my left is Kenneth Fredericks, who is the economic development director for the National Congress of American Indians. He will not make a statement. We will introduce a statement by Mr. Martin of the Mississippi Choctaws who had to leave to catch a flight back home.

Mr. HAWKINS. That statement will be entered into the record at this point and any other statements you may wish to also have introduced into the record.

[Mr. Martin's statement follows:]

STATEMENT OF PHILLIP MARTIN, CHAIRMAN, MISSISSIPPI BAND OF CHOCTAW INDIANS

For at least a century, American Indians have worked patiently and persistently to secure federal recognition of the dual realities of poverty and powerlessness which characterize Indian existence, and to secure developmental resources under tribal control with which to enable tribal governments to improve this existence.

Now in the wake of the Office of Economic Opportunity's 'Community Action Agency' approach to reservation developments which was initiated during the 1960s, and following the more recent and more significant federal commitment to Indian self-determination initiated by President Nixon during 1970. I should be able to tell you today that the realistic options for reservation development available to Indian tribes are more positive now than at any time in the recent history of Federal-tribal relations.

Unfortunately, I can no longer make this statement with any assurance, in view of President Nixon's recent decisions to impound federal program funds, to drastically alter the Executive Branch of the Federal Government and to dismantle the U.S. Office of Economic Opportunity.

Since it is in connection with the latter decision that I appear before you today, I will restrict the remainder of my remarks to the subject of OEO's dissolution and the means through which a transfer of its reservation development or Indian desk programs (and, more importantly, its reservation development approach) can most beneficially be transferred to other federal agencies.

Speaking from the Mississippi Choctaw perspective, I wish to point out that OEO Indian Desk Programs have clearly effected more positive changes on the Choctaw Reservation per dollar expended than have the programs of any other federal agency. These OEO programs have been more effective because the approach to reservation development utilized by the OEO Indian desk has been designed in recognition of the fundamental assumptions and objectives which underlie the federal policy of Indian self-determination, e.g., they recognize that the long run goals of all tribal development efforts are: (a) to achieve a reversal of the physical and psychological conditions of rural poverty which generally characterize Indian populations; (b) to substitute tribal control for federal management of Indian reservations.

Other federal agencies have verbally recognized the legitimacy of these long range goals but only OEO has responded with programs specifically designed to effect their accomplishments. I can single out OEO's "aid to Tribal Government" program in particular, for it is through this program that the Mississippi Choctaws have made our most substantial progress to date.

This progress is most evident in terms of the increased ability of the Choctaw Tribal Government to function as a public agency independent from the Administrative control of the Bureau of Indian Affairs. Only through this "Aid to Tribal Government" program, was our tribe able to secure resources which were sufficiently flexible to enable us to correct the severe organizational deficiencies

which existed in our tribal government structure. Our tribe recognized that the BIA's approach to "assisting" the Choctaw people "manage" tribal affairs had (over the past 55 years) produced such an ingrained reliance upon the Choctaw Agency (BIA) that the existing tribal government structure and procedures were simply not adequate to enable the tribe to independently assume the responsibilities of self-government. Support for the correction of such organizational deficiencies within tribal governments is implicit in the federal policy of Indian self-determination.

I should add here that OEO is the only federal agency which has consistently recognized that reservation area development is most likely to be positive and lasting from the standpoint of the Indian people when such development results from action by Indians for Indians, supported by technical and financial assistance which is answerable directly to the tribal government which initiates that action. This means that the long range improvement in reservation area poverty is inexorably bound to the realization of tribal self-determination. I believe that the failure of all past efforts at reservation development or amelioration of Indian poverty by other federal agencies has been in their failure to recognize this necessary relationship between reservation development and Indian self-government.

Thus, it is clear to me that the possible loss of OEO's flexible and realistic approach to reservation development would do far more long range damage to the Indian people in general and to the Mississippi Choctaws in particular than would the dissolution of OEO as an independent agency and the transfer of its programs to other federal agencies. The Department of Health, Education and Welfare has been repeatedly (though not officially) mentioned in this regard.

Therefore, in order to insure that this proposed transfer is implemented in a manner consistent with a retention of the positive characteristics of OEO Indian desk programs, I have several suggestions. 1) I strongly suggest that Indian desk programs now administered under OEO be transferred in block to HEW so that the integrity and unity of OEO's reservation development efforts as described can be maintained. 2) I feel it to be equally important that there be no attempt to regionalize these Indian desk programs in connection with this transfer. More specifically, I believe that appropriate action should be taken to insure that Indian tribal governments will be authorized to deal directly with this Indian desk to be established in HEW—bypassing the respective state and regional (federal) agency offices as is now the practice with OEO Indian programs. Such an approach is essential if Indian tribal governments are to continue participation in programs now administered by OEO Indian desk at the level and in the manner in which they are now able to do so.

Although the bulk of my comments today have been directed toward the long range effects of OEO's disestablishment, I wish to make two additional observations concerning the potential short run harm that may result from the President's announced intention to phase out operation of all OEO funded projects by July 1, 1978, and his (apparent) intention to complete the transfer of administrative responsibility for these programs to HEW by that date. At present, the OEO Indian Division is not granting its full, appropriated FY 73 funds. It is following OEO mandate terminating programs as of June 30, 1978. Unless the various federal bureaucracies involved can generate more efficiency than they have evidenced in the past, I fear that a substantial time lag will separate determination of FY '73 programs from the implementation of FY '74 programs. Indeed it is conceivable that these programs may become so embroiled in inter and intra agency red tape that funding appropriated by Congress to support the (OEO) Indian programs in question (for FY 1974) may not be expended until as late as Spring of 1974. If such is the case, incalculable harm will be incurred by Indian people on reservations across the country who would face disrupted services and unemployment during this lag. I hereby request that the OEO Indian Division be allowed to grant its full FY '73 budget and further be allowed to let each Indian grantee operate its full program year. This action would result in a more orderly transfer of programs which would be extremely beneficial to the Indian tribes and the recipient agency.

There is a similar but potentially more damaging problem in connection with FY '75 program funding, to wit; if no Congressional allocations are made under the equal opportunity act for FY 1975 the only funds which will be available for expenditure on these (OEO) Indian programs will be those funds allocated by Congress in response to requests from HEW. This means that unless HEW is willing to give these Indian programs priority attention—over and above exist-

ing HEW programs (many of which are themselves being cut)—then, these Indian programs will probably be terminated or forced to operate on severely curtailed budgets.

In order to decrease the likelihood that the proposed OEO Indian program transfer would result in termination or curtailment of these programs, I suggest that the proposed reorganization and phase-out be spread over at least an 18-month period so that sufficient attention can be given to compensating for the obstacles I have identified.

Mr. TRIMBLE. I will make a brief statement. To my right is Mr. George Effman, who is the executive director of the Inter-Tribal Councils of California. He also requests to make a brief statement.

Mr. Chairman, my name is Charles S. Trimble, executive director of the National Congress of American Indians. I express appreciation on behalf of NCAI for this opportunity to present our position on this most critical matter, the dismantling of the Office of Economic Opportunity and the termination of that agency's services to Indian people.

It is the understanding of the National Congress of American Indians that the administration proposes, and has already begun, to effectively dismantle the programs and activities of OEO. We understand that OEO programs serving Indian people will be continued by the Department of Health, Education, and Welfare in fiscal year 1974 and converted to a pilot effort to directly fund Indian Tribal Councils.

I am here to express the concerns of the Indian tribal constituency of NCAI and the many tribes whose interests NCAI works to protect. Their concerns are well expressed in the numerous telegrams we have received from tribes and intertribal organizations since the announcement of the plans for the demise of OEO. I respectfully request that these telegrams be entered into the record of this hearing.

Mr. HAWKINS. Without objection, they will be so entered.

[The telegrams are as follows:]

The people of Duck Valley Shoshone-Paiute Reservation feel that the Government OEO cutbacks for Indian communities self help programs are not in the best interest of Indian people we view this proposed cutback can be a direct contradiction to President Nixon's July 1970 message to Congress on Indian self-determination. We strongly feel the cut in this area will hamper progress made in social and economic programs now underway on Indian reservations. (Chairman, Shoshone Paiute Tribes—Duck Valley Indian Reservation.) --

We protest the non release of 1973 funds to all Indian CAPS and we support the type of program OEO Indian Desk is currently running. (Acting Mayor, Metlaketla Indian Community, Metlaketla, Alaska.)

Inter-Tribal Council of Area 5 recognized as key voice of Indians in this Area. Very urgent to continue mobilizing resources for 17 Indian reservations, establishing new economic base for poverty stricken Indians. Release of impounded funds (OEO) necessary. (Area 5—Viejas Indian Reservation, Alpine, Calif.)

OEO Funds impounded. Urgently needed programs at half-way mark. Your support needed to release funds for 17 Indian Reservations. (Chairman, Mesa Grande Indian Reservation, Escondido, Calif.)

With news of the President's phasing out of OEO and subsequently the Indian Division, we would like to request your support in an effort to keep the Indian Division intact. Should OEO Indian programs be turned over to HEW, we would appreciate your sincere efforts in keeping an Indian Division with the same

authorities and funding policies as was under OEO. (Executive Director, Qualla Indian Boundry Projects, Cherokee, N.C.)

* * *

The Tribe of Sandia Pueblo strongly supports the resolution adopted by the All Indian Pueblo Council and the resolution adopted by the Ten Southern Pueblos Governors stating direct opposition to the cutback by President Nixon in the OEO programs. If they are halted now the Pueblo Indians will be returned to a situation of being oppressed and discriminated against. We feel, at this time, the programs are necessary and meaningful and cannot be abandoned. (Governor, Sandia Pueblo, Albuquerque, N. Mex.)

* * *

As the Vice-Chairman of Sandoval County Indian Pueblo Community Action Program, I would like to express my strong belief in the merits of the OEO programs, which President Nixon has stated he intends to cut. I feel the Pueblos are now being given a fair chance to achieve economic opportunities which, in the past, were denied to them. This is a result only of the OEO programs and I feel they are necessary to the advancement and continued progress of the Pueblo Indians. Therefore they must be salvaged if the Pueblos are to achieve equal rights as government says they deserve. (Vice-Chairman, Sandoval County Indian Pueblo Community Action Program, Albuquerque, N. Mex.)

* * *

Impounded OEO funds all your funds must be released for the benefit continuance of Inter-tribal Council. (Inter-tribal Council of California.)

* * *

There is an urgent need to release OEO funds to continue constructive funds for Indians in San Diego County. Presently there are 17 Indian reservations that are below poverty level participating in these services. (Chairman San Diego County Tribal Chairman Association.)

* * *

Impounded funds (OEO) must be released for the benefit of Californians Inter-tribal council continuance. (Chairman, Karok Tribal Council.)

* * *

OEO funds impounded. Urgently needed programs at half-way mark. Your support needed to release funds for 17 Indian reservations. (Chairman, La Posta Indian Reservation, Lakeside, Calif.)

* * *

A wire has been sent to Mr. Bradley Patterson, White House, Washington, D.C. stating the following: "We request the impounded OEO funds be released to allow the Inter-tribal Council of California to continue to operate." (Acting Area Administrator, Inter-Tribal Council of California.)

* * *

OEO Funds impounded. Urgently needed programs at half-way mark. Your support needed to release funds for 17 Indian Reservations. (Chairman, Hamul Indian Reservation, Hamul, Calif.)

* * *

OEO Funds impounded. Urgently needed programs at half-way mark. Your support needed to release funds for 17 Indian reservations. (Chairman, Campo Indian Reservation, Campo, Calif.)

* * *

OEO Funds impounded. Urgently needed programs at half-way mark. Your support needed to release funds for 17 Indian Reservations. (Chairman, Hamul Indian Reservation, Hamul, Calif.)

* * *

The Standing Rock Sioux Tribe over the past 7 years has received extensive benefit from the Office of Economic Opportunity, large OEO funding of the Community Action Program to this tribe. Because of the apparent dismantling of OEO, including its Indian Desk, this Tribe is deeply concerned about the impact of discontinuing or disruption of its Community Action Program activities. The Tribe does not have the resources to carry on the program independently or to finance an interim program of any kind. It is important any alternatives to OEO

should not be disruptive to the existing programs. Any suggested change should have tribal input in the determination of new program directions. The Standing Rock Sioux Tribe is concerned specifically about the following: 1) if block grants under HEW Administration or to replace OEO programs, then the Tribe is concerned about: a) when will they be initiated and that they are not disruptive; b) How and in what proportion will the tribal councils receive adequate funding; and c) who will be administratively responsible for the grants at the national level?, 2) The tribe feels that stopping the operation of existing OEO programs without consideration of the serious detrimental effect this may have at the local level could lead to unwanted setbacks in Indian community progress made over the past several years. 3) that any program reorganization should require tribal input. The Standing Rock Sioux Tribal Council in a regularly scheduled meeting held on Feb. 7, 1978, has gone on record by motion to support the aforementioned, and to strongly urge the continuation of the community action type programs for the benefit of the Standing Rock Sioux and other Indian Tribes. (Chairman, Standing Rock Sioux Tribe.)

* * *

As an experienced administrator who is deeply concerned about the future development of Qualla Indian boundary projects I would like to protest the proposed dismantlement of the Office of Economic Opportunity. The development of our relationship with the Federal Government and the maintaining of the Indian division for the Indian people are vital factors in our relationship with the Federal government. We realize that our protest is belated since the proposed dismantlement of OEO is a certainty, however, we solicit your assistance in protecting your interest in the impending transition regardless of what agency assumes responsibility for administering Indian programs. We feel that it is essential that the Indian Division retain its present structure and that the funding policies relating to our operations remain intact. (Principal Chief, Eastern Band of Cherokee Indians.)

* * *

There is urgent need to release OEO funds to continue constructive programs for Indians of San Diego County. We presently serve 17 reservations, many below poverty level. (Chairman Cuyapipe Indian Reservation, Alpine, Calif.)

* * *

We of TeMoak Band of Western Shoshone Indians, who represent the Southfork Community and also the Elko Community, do hereby protest to the closure of the OEO program. We feel that this program has helped the Indian people of Nevada in many ways. (Chairman, To-Moak Bank of Western Shoshone, Chairman, McDade South Fork Community, Chairman, Elko Community.)

* * *

I have received news that the President's new budget will completely dismantle the Office of Economic Opportunity including the Indian Division. It is also rumored that the Indian Division might possibly be turned over to HEW. As Chairman of Tribal Council of the Eastern Band of Cherokee Indians I would like to request your support in keeping the Indian Division intact with the same authorities and funding policies should be turned over to HEW. (Chairman, Tribal Council of the Eastern Bank of Cherokee Indians.)

* * *

In 1966, approximately 110 years after the Quinault Treaty was negotiated with the U.S. Government the Quinault Tribe had in its employ a part time secretary who handled correspondence for a non-compensated tribal chairman. The Quinault Tribe, lacking financial resources and staff was fighting an uphill battle against external forces who made virtual mockery of Indian control of resources. The rich earth, yielding the traditional bountiful raw products of fish, clams, and timber was being rapidly despoiled with little or no benefits to the Quinault people. All the societable ills of suicide, unemployment, and alcoholism, adverse effect of the Quinault people with the exception of the Community Action Agency in 1966. A supportive administration structure direct by the Quinault Tribal Council began to directly meet the needs of the Quinault Tribe. In 1978, 7 years after the initial funding of the basic CAP Staff, Quinault Tribe is still struggling with external forces. However the Community Action Program can be credited with provided a nucleus to train local staff and unlock the doors to existing federal resource including Dol-NYCO Mainstream and MDTA; Indian Health Services Edutechnical assistance. In resource development: LEASS; EEA; HUD-Quinault Housing Authority; HEW-Head Start and

Alcoholism. Even the BIA has begun to respond to tribal needs. Today, the Community Action Agency is a strong supportive arm of a self-directed Quinault Tribe. OEO, decides implementing utilizations of existing resources has provided employment projects as the commercial raising of salmon construction of artificial spawning channels to regenerate fish runs presently dwindling due to years of uncontrolled logging practices, and arts and crafts wood products industry employing ten individuals as well as Economic Development Planning; Educational Coordination and training and community health services. Community committees and all areas of tribal operation of functioning to give the people a voice in tribal developments. It is difficult to capsule the far reaching impact of the OEO; Quinault community Action Program. The concept of OEO has immeasurably aided the Quinault Tribe in controlling its own destiny. The dream of a future for the Quinault Tribe has been placed in a perspective of reality. It is our understanding that present administration efforts aim to curtail the actual and philosophical concept of OEO. The Quinault Tribe protesting the curtailment of 1978 OEO program funds which would certainly impair present tribal operation force. Many capable Indian resident employees to seek work elsewhere and seriously impair existing or further plans for the Quinault Tribe. The Quinault Tribe states emphatically that the concept and actuality of OEO type programs should be continued in the future if the goals of Indian control and self-determination are to be realized. (Chairman, Quinault Tribal Council.)

* * *

The closure of OEO will end an era whereby Indians could decide for themselves what is best for them. Employment opportunities will be denied, as well as self-determination, economic development, education, health, etc.

The ending of OEO will set poor people back to where they were when OEO became a reality. We strongly urge the continuance of OEO Indian desks or similar programs under another agency whereby the Indians can receive direct funding. Your testimony for the continuance of OEO for Indian people will be appreciated. (Inter-Tribal Council of Nevada.)

* * *

Our Reservation is definitely opposed to the closing of OEO as announced by President Nixon. The Community Action Program and other projects generated by the CAA have made inroads into the serious poverty of this Indian reservation. We will appreciate your efforts to get the Administration to continue OEO programs for Indians. (Leech Lake Reservation Business Committee.)

* * *

The dismantling of OEO will end the most effective program ever devised for the poor people of the United States. We cannot comprehend the President's thinking in elimination this very worthwhile and needed program. We strongly urge Congress to continue OEO programs for the poor or similar program from which we may benefit. (Lovelock Tribal Council.)

* * *

The Nett Lake Indian Reservation of Northern Minnesota does strongly oppose the closing of the OEO programs. We are dependent on the programs and do not want to return to the indignity of public welfare. Tangible results have resulted in social health, education and economic development of our reservation. (Nett Lake Reservation Business Committee.)

* * *

This is a copy sent to Representative Hawkins. Will you read this at the hearing. Thank you. Attention Bill Beckham. The major concern of our Indian tribal governments and people at this time is that the Congress recognize the uniquely enormous contribution that CAA's and their programs make to the total tribal planning, administration and development. Presently, OEO funded activities constitute on the average 40-90 percent of total tribal run programs. Abrupt termination of or prolonged uncertainty about Indian CAA programs will destroy staff teams which have been built up with years of hard work and which are vital to the success of Indian governments and Indian self-determination in general.

"We urge you and all members of Congress to act immediately to assure that Indian CAA's and their programs will be provided with adequate interim funding to carry them through phase-over to the alternate funding sources and that such assurance will be given sufficient time (before February ends) to prevent the destructive effect of our present uncertainty. Our agencies have re-

requested administrative clarification through OEO channels as to these uncertainties which we will advise your subcommittee to the outcome." (Arizona Inter-Tribal Council.)

The Coeur d'Alene Tribe must have from Washington, D.C., a reaffirmation regarding the President's commitment toward Indian program intended to eliminate poverty on the reservation. Thus we support continuation of Indian Desk and OEO. (Coeur d'Alene Tribal Council.)

Impounded OEO funds must be released for benefits of Inter-Tribal Councils of California to continue. (Inter-Tribal Council of Hoopa.)

Affiliated Tribes of NW Indians oppose OEO dismantling. Urge support for furtherance of the program for Indian people. (Affiliated Tribes of NW.)

The purpose of this letter is to express to you our very great concern over possible OEO funding cutbacks of programs administered by the Inter-tribal Council of Nevada. This OEO funded agency and its programs are the first opportunity for the Indian people in Nevada to have a meaningful voice in matters that affect our lives and it has also begun to allow us the opportunity to help ourselves and to improve our futures. We sincerely hope there will be no cutbacks in regards to ITC programs because we feel that all of them are vital and each program has very direct effects on the lives of all the Indian people in Nevada. ITC has proven itself to be a service to our people. Please allow it to continue to do so. (Moapa Indian Reservation, Las Vegas Indian Colony.)

The Community Action Program under the Office of Economic Opportunity has helped Milacs Reservation in housing, education, and economic growth including a reservation owned factory. The Milacs Reservation Business Committee is opposed to the closing of the Office of Economic Opportunity by President Nixon. (Milacs Business Committee.)

Spokane Tribe support retaining Indian desk for OEO when transferred. HEW vitally important to Indians to retain identity through OEO office as it pertains to granting authorities. (Spokane Tribal Council.)

The Walker River Palute Tribe authorizes the NCAI to act in our behalf to keep OEO funds coming to our tribe through the Nevada Inter-Tribal Council. Any curtailment of OEO funds will deal a severe blow to our tribe. (Walter Palute Tribe.)

The closure of OEO will end an era whereby Indians could decide for themselves what is best for them. Employment opportunity will be denied as well as self determination, economical development, education, health, etc. The ending of OEO will set poor people back to where they were when OEO became a reality. We strongly urge the continuance of OEO Indian desks or similar programs under another agency whereby the Indians can receive direct funding. Your testimony for continuance of OEO for Indian people will be appreciated. (Washoe Tribal Council.)

Yakima Indian Nation opposes dismantling of OEO. Program is very important to the social and economic existence of our people. Urge support for continuance of the Indian desk in the OEO program and furtherance of the program. All Indian organizations support this program. (Yakima Tribal Council.)

Tribal Council of the Reno Sparks Indian Colony strongly opposes President Nixon's proposed budget cut. The cut-back affects OEO programs designed to meet the needs of Indian people. Intertribal council of Nevada serves most of the Indian people in the State and with the various programs to be phased out the progressive foresight of the Indians takes three steps backward. The re-

funding of ITC of Nevada is vitally important to the Indians of Nevada. (Reno-Sparks Tribal Council.)

* * *

I have sent the following telegram to Bradley Patterson, White House: "For the benefit of the American Indian people in the State of California, we are requesting that the President release the impounded OEO funds for the continued existence of the Inter-tribal Council of California." (Cold Springs Rancheria.)

* * *

I have sent the following telegram to Bradley Patterson, White House: "For the benefit of the American Indian people in the State of California, it is imperative that the President release the impounded OEO funds for the continued existence of Inter-tribal Council of California." (Inter-Tribal Council of California, Area 6.)

* * *

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* * *

The following telegram was sent to Bradley Patterson, White House, "Washington, D.C. For the benefit of the American Indian people in the State of California we are requesting that the President relieve the impounded O.E.O. Funds for the continued existence of inner tribal council of California." (William Thomas, Chairman, Santa Rosa Rancheria, Lemoore, Calif.)

* * *

The All Indian Pueblo Council asked sponsor of OEO funded Indian Community Action Projects, serving 19 Indian pueblos, Apache Tribes in New Mexico, and Ute tribes in Colorado, wishes to go on record as supporting the continuation of OEO programs. These programs have met the locally assisted needs and have proven effective. To remove these programs is to strongly jeopardize Indian self-determination efforts, and seriously set back the progress that has been made. (All Indian Pueblo Council.)

Mr. TRIMBLE. In discussing this issue, we must review the merits, as well as the shortcomings, of the OEO programs. Justification for the dismantling of that agency was given in the official 1974 budget presented to the Congress by the President and I quote from that document:

Community action has had adequate opportunity to demonstrate its value to local communities. Little justification for continuing separate categorical funding can be identified. Evidence is lacking that community action agencies are moving substantial numbers of people out of poverty on a self-sustaining basis.

But the opinions of the Indian people in the field, the recipients of the OEO services as indicated by their elected leaders, reveals a different story.

According to Mr. Raymond Yowell, chairman of the Intertribal Council of Nevada:

The closure of OEO will end an era wherein Indians could decide for themselves what is best for them. Employment opportunities will be denied, as well as self-determination, economic development, education, and health.

I quote Mr. David R. Munnell, chairman of the Leech Lake Chipewewa Reservation:

Our reservation is definitely opposed to the closing of OEO as announced by President Nixon. The Community Action Program and the projects generated by CAA have made inroads into the serious poverty of this Indian reservation.

I quote Mrs. Ellender Myers, Chairman of the Lovelock Tribal Council of Nevada:

The dismantling of OEO will end the most effective program ever devised for the poor people of the United States. We cannot comprehend the President's thinking in eliminating this very worthwhile and needed program.

Such is the essence of each and every telegram requested for inclusion in the official record of this hearing. We have not received one telegram, letter, or telephone call supporting the termination of OEO.

And we are reminded of the President's favorable comments of OEO just a few short years back. On July 8, 1970, President Nixon presented his Indian message to Congress. In that message, which will go down in history as perhaps one of the most comprehensive and favorable statements regarding Indian people, the President stated:

Under the auspices of the Office of Economic Opportunity, Indian communities now run more than sixty community action agencies which are located on Federal reservations. OEO is planning to spend some \$57 million in fiscal year 1971 through Indian-controlled grantees. For over four years, many OEO-funded programs have operated under the control of local Indian organizations and the results have been most heartening.

But, despite the high regard of these community action programs by Indian people, it appears that the administration is attempting, through the institution of capricious in-house processing and procedures, to discredit the operations of OEO and thereby render it more vulnerable to certain demise without Indian objection.

These apparent tactics have been accelerated with the appointment of Mr. Howard Phillips who was quoted in the Washington Post as "savoring" the dismantling of OEO, and consists of trickling funds to Indian programs on a month-by-month basis, and imposing the harshest fiscal accountability on Indian programs as a requirement for them to get the promised remaining funds for fiscal year 1973.

These procedures have resulted in a backlog of funding of fiscal year 1973 fund to Indian programs and has a devastating effect in the areas of economic development, education, community development, and other areas so vitally needed for the advancement of Indian communities.

According to various OEO employees, out of 67 Indian tribal community action agencies, 48 have not received any fiscal year 1973 funds as yet. Of that 48 that have not received any fiscal 1973 funds, about 31 are being delayed as a result of these procedures. According to these OEO sources, the Indian Division has only funded grants at a 50-percent level.

Indian people are not averse to change, particularly when change means the improvement of the delivery of services to Indian people. From 400 years of experience, however, where change in the unique Federal/Indian relationship has meant the lessening of the Indian land base, the lessening of Indian rights, and the dilution of the Government trust responsibility to Indian people, Indians are cautious to change.

Indian people tend to look at the transfer of OEO services, and the dismantling of OEO as an agency, as an impending change. We are not resigned to the loss of services of an OEO-type Indian desk, but

we are willing to discuss the improvement of services even if it requires moving those services to another department.

I quote from the telegram of Mr. Alex Sherwood, chairman of the Spokane Tribe in the State of Washington:

The Spokane Tribe supports retaining the Indian Desk for OEO when it is transferred to HEW. It is vitally important to Indians to retain identity through OEO office as it pertains to granting authority.

Mr. Sherwood, one of the revered elders of the national Indian community, talks not out of resignation, but as a statesman willing to discuss the matter.

We cannot say that we are opposed to the transfer of OEO-type services, but we must be consulted and assured that such changes as are being implemented do not alter the trust relationship of the Federal Government and Indian people. And we must be assured that the transition does not have the adverse effect which trends on the reservations indicate at this time.

At this time, we are being faced with abrupt termination of funding to continue the programs being carried out by OEO. Yet we have not been consulted and we have no assurance that new concepts for the direct funding to Indian tribes in form of block grants will materialize in the near future, or indeed, if they will materialize at all. The gap in the transition could be several months during which time the worthy programs of a decade of Indian effort is doomed to certain failure.

This uncertainty is resulting in tremendous psychological impact on the tribes and tribal programs. I quote from a telegram from Mr. Don Antone, president of the Arizona Intertribal Council, Mr. Paul Smith, chairman of the Gila River Apache Tribe, and Mrs. Alma Mail, president of the Arizona Affiliated Tribes:

Presently OEO funded activities constitute on the average of 40-90 per cent of total tribal run programs. Abrupt termination of, or prolonged uncertainty about, Indian CAA programs will destroy staff teams which have been built up with years of hard work and which are vital to the success of Indian governments and Indian self-determination in general.

We urge all members of Congress to act immediately to assure that Indian CAA's and their programs will be provided with adequate interim funding to carry them through the phase over to the alternate funding sources and that such assurance will be given sufficient time to prevent the destructive effects of our present uncertainty.

Mr. Chairman, this concludes the statement of the National Congress of American Indians. That was to be the end of my statement. While we were waiting to be called up as witnesses, however, I did receive another telegram and I would like to read this in.

Mr. HAWKINS. You may proceed.

Mr. TRIMBLE. Thank you. This is from the Quinalt Tribe in the State of Washington:

In 1906, approximately 110 years after the Quinn-Alt Treaty was negotiated with the U.S. Government, the Quinn-Alt Tribe had in its employ a part-time secretary who handled correspondence for a non-compensated tribal chairman. The tribe, lacking resources and staff, was fighting an uphill battle against outside sources. The Rich Earth yielding the traditional product of fish, clams and timber was being despoiled with little or no benefits to the people. All of the societal ills of alcoholism and drugs had adverse effects. A supportive administration structure directed by the Tribal Council began to meet the needs of the Quinn-Alt Tribe. In 1973, 7 years after the funding of the CAP staff, the tribe is still struggling with the forces. However, the program can be

forwarded with providing a nucleus and unlocking the doors to existing federal resources, including Department of Labor, (CC Mainstream, Indian Health Services, EDA, Technical Assistance, In Resource Development LEA, EEA, HUD, Head Start and Alcoholism Programs, BIA has begun to respond to tribal needs. Today the community Action Agency is a strong supportive arm of a strong tribe. OEO, besides implementing utilization of existing resources, has provided projects as construction of artificial responding channels presently dwindling and an Arts and Crafts Wood Products Industry. Educational Coordination and Training and Community Health Services. Community Committees in all areas of tribal operation are functioning to give the people a voice in tribal developments.

It is difficult to capsule the far-reaching impact of OEO. The concept of OEO has immeasurably aided the Quinn-Alit Tribe in aiding its own destiny. The dream of a future for the Quinn-Alit tribe has been placed in the perspective of reality. It is our understanding of the present administration efforts to curtail the concept of OEO. The Quinn-Alit Tribe is protesting the curtailment of 1973 OEO funds which would recently impair the force. Many ask employees to seek work elsewhere. The Quinn-Alit tribe states emphatically that the concept and actuality of OEO's programs should be continued in the future if the goals of any growth and self-determination are to be realized.

This concludes their telegram.

May I introduce Mr. George Effman.

Mr. EFFMAN. Thank you. I would like to make a statement from the Intertribal Council of California.

My name is George Effman. I am the executive director of the Inter-Tribal Council. I wish to thank this committee for this opportunity to be heard regarding a most serious situation that we, as native Americans, are immediately confronted with.

This is in regard to the dismantling of the Office of Economic Opportunity and the revised edition of the Federal Assistance Review—FAR report. The recommendations: No. 25. All Federal agencies should be prepared to deal individually with Indian tribes and discontinue efforts to force the use of intertribal organizations for the administration of Federal programs; and No. 26. Each tribe should be free to determine the cases in which the use of an intertribal organization will best serve its needs.

In response to these recommendations, we do agree with the President's recommendation of "self-determination." In fact, the various reservations and rancherias have already decided by joining the Intertribal Council of California. California has a most unique situation, in that there are 76 reservations and rancherias which constitutes a land-base of over 500,000 acres.

The main concern is the transitory period during which interims the existing programs will have no identified source of funding from either OEO or HEW and other related agencies.

The ITCC is a statewide association of tribal government reservations and Indian organizations. California has the Nation's second highest population of impoverished Native Americans, but rather than a few large reservations California Indians are dispersed into numerous small reservations and bands. The ITCC was conceived and designed to achieve the greatest efficiency in bringing social and economic development programs to many small terribly impoverished tribal areas.

Originally organized in 1965, under OEO, the ITCC has since been recognized and funded by nearly all major State and Federal agencies. ITCC currently has contractual agreement with DOT, BIA, DOC, EDA, DOA, DOL, HEW, OEO. ITCC has also been recognized by the State of California and has contracts with HRD, HEW,

and so on. Most of these programs pay only a token of their administrative overhead, the balance has been borne by the OEO funded central administration and community development grants. Central administration provides program design and development and community development provides the outreach and daily contact to link the people with the diverse programs.

We support the President's efforts to streamline current grant-in-aid programs. But deeply regret that, after months of noncommittal response to reasonable management request, we must now suddenly face 60 or 90 day, do or die realignment. ITCC has been legally designated by the tribes and recognized by the State and Federal Government as the only statewide Indian agency legally and professionally competent to administer a broad range of social and economic development programs. We have many State and Federal contractual agreements to carry out. If HEW is to become the prime source of administration funds and require all new applications, then we should be funded at least until the newly designated funding sources are in a position to provide the grant actions that would insure program continuity.

I would like to add, Mr. Chairman, that I thought of some other things. I heard a lot this afternoon and morning pertaining to revenue sharing. I understand that the State's allocation of revenue sharing in California is about \$280 million. I called the Governor's office and found that they said Senate bill 90 which was passed last year and this funding has already been allocated and designated to be going into the school districts so that there will be no revenue sharing for the native Americans. So, I conclude the statement, since we have begun, Mr. Chairman, our small grant, we started OEO with \$325,000, we were able now, last year to fund over \$2 million. The majority of this, as has been already stated, OEO has taken.

With that I conclude my few words.

Thank you.

Mr. HAWKINS. Mr. Trimble, I have one question. Apparently the situation with respect to the other community action agencies, is that the possibility of funding out of revenue sharing will be retained. Do I understand that these programs will be transferred to the Department of Health, Education, and Welfare and that there is no specific amount that has been recommended to be made available to the Indian people?

Mr. TRIMBLE. Sir, I believe the recommendation has been made for some \$32.1 million and that these would be made somehow in block grants.

Mr. HAWKINS. By HEW?

Mr. TRIMBLE. Yes. The problem here, Mr. Chairman, as in almost all cases, is the fact that the Indian people are extremely concerned because they are not being consulted. They are not being informed on any changes. So regardless of the dollar figure being mentioned and a considerably large dollar figure, I understand an improvement of some \$9 million over OEM program funding in the last fiscal year, half of which we did not get anyway, Indian people are not informed on the disbursement of these funds or anything else. As you will note from all the telegrams, there is an extreme concern on the demise of OEO.

We are not resigned to accepting even a larger figure without consultation with our people, without informing our people on the ramifications and particularly the threats to our just status with the Federal Government.

Mr. HAWKINS. You indicated in your statement that programs are being converted to a pilot effort. What do you mean by that?

Mr. TRIMBLE. Those words were taken out of official OEO documents. That has not been defined, the pilot efforts.

Mr. HAWKINS. But you did get those words from a document you received from the Office of Economic Opportunity.

Mr. TRIMBLE. Yes, Mr. Chairman.

Mr. HAWKINS. My definition of a pilot effort is quite different from any description that may indicate that you are going to get the full amount that has been suggested. You have indicated \$32.1 million.

Mr. TRIMBLE. Yes.

Mr. HAWKINS. That is somewhat in conflict with the idea of a pilot effort being made to the Indian tribal councils, is it not?

Mr. TRIMBLE. I can not comment on that due to the sad set of circumstances that we were not consulted. No Indian tribe, as far as I know, has been consulted.

Mr. HAWKINS. It may not be of any consolation to you but I don't know of any one who has been consulted. Certainly the Congress has not been consulted, Mr. Benitez.

Mr. BENITEZ. Mr. Chairman, I have no questions.

Mr. HAWKINS. I would like to thank you for the testimony you have given. I am sorry for the delay.

Mr. EFFMAN. I forgot to add that in revenue sharing they have forgotten about us totally and they put an amendment on to take care of the forgotten American. In the Treasury Department's statements, they have said they have allocated for the total population of American Indians that live on reservations, they have allocated about \$10 per head for each 6 months. That is our share.

Mr. HAWKINS. Is that at the State level?

Mr. EFFMAN. Yes, so it is a very, very disturbing development. In each county of Navaho County, they have separate bookkeeping for the revenue sharing. So it is a very complexing thing. It is a very complex situation.

Mr. HAWKINS. The subcommittee is contemplating field hearings. I certainly know that one of the trips we would like to plan would be a visit to some of your townships. So we will be consulting with you about the possibility of visiting some of your councils.

Mr. TRIMBLE. We would appreciate it. Thank you.

Mr. HAWKINS. Thank you, gentlemen.

The next witness was very, very kind in allowing our previous witnesses to appear ahead of him. Thank you, Mr. Kennedy.

STATEMENT OF WAYNE KENNEDY, PRESIDENT OF 11 OEO LOCAL UNIONS; JOHN PRICE, PRESIDENT LOCAL 2677 OEO EMPLOYEES UNION AND DON POWERS, COUNSEL

Mr. KENNEDY. I would like first to introduce on my right John Price who is the president of the OEO employees at the Headquarters Building at 1200 19th Street. On my left is Mr. Don Powers, former Associate Director of Vista and currently our union attorney.

My name is Wayne Kennedy; I am president of the National Council of OEO locals, American Federation of Government Employees Union AFL-CIO. I am employed by the Chicago regional office of Economic Opportunity as a field representative. I do not appear before you today as a representative of the OEO. I am presently on leave time from OEO. Rather I appear before you today as president of the National Council of OEO locals, as a spokesman for the approximately 2,000 employees of the OEO and on behalf of the millions of poor persons whom our agency attempts to serve.

Let me begin by thanking the committee for this invitation to appear before it on behalf of those whom I represent. I am honored to have this opportunity to express our views and thank the committee members for their interest.

A few days ago Congressman Mahon said the President is "usurping authority which no President has or ever had had." I should like to take Representative Mahon's remarks as the theme and starting point for our statement.

The Nixon administration has already initiated execution of its plans to terminate OEO, effective June 30, of this year. By a memo dated January 29 of this year OEO has advised Community Action Agencies that OEO will provide no funds for Community Action programs in fiscal year 1974 or later; that fiscal year 1973 grants are phaseout and terminal grants; that Community Action Agencies should get about the business of shutting down their 221 programs, and that the cessation of 221 funding will rescind their designation as Community Action Agencies under the Economic Opportunity Act. We shall have more to say about the legality of this memo later.

The point is, however, that Community Action Agencies are being told now to start the phaseout and windup process. Community Action program funding is to cease between June 30 and the end of this year. In general program operations during the coming months are to be conducted so as to achieve the new unlawful goal of the Community Action programs; extinction.

In the meantime, back at OEO Mr. Phillips has paralyzed and demoralized the Agency by rescinding grant authority in all persons but himself. Thus, neither the OEO regional directors or the Director of the Office of Legal Services now have their long-standing authority to sign grants. Due to the fact that a majority of grantees have been shortfunded during the first part of fiscal 1973, most grantees will require at least one more funding before the end of the fiscal year. The centralization of grant authority in one man's hands creates an obvious bottleneck. Most likely this will prevent the Agency from providing its final grants in any sort of a timely fashion. Indeed, even as to those grants that have been signed this fiscal year, there has been an extraordinary delay in the release of funds, running in many cases as long as 3 to 4 months after the signature of grants, and in some cases substantially longer periods.

A major function of regional office employees are regular visits to grantees for purposes of technical assistance and monitoring performance, and so on.

This necessary work has been virtually brought to a halt by an order from Mr. Phillips that any and all travel by regional office personnel must be approved specifically by Mr. Phillips.

Mr. Phillips' summary abrogation of the long-established grant authority in area regional directors and the Director of the Office of Legal Services, coupled with the initiation of a new grant procedure, has created a climate of confusion in the Agency.

An Agency which Mr. Phillips declares is to disappear within a few months must, for some inexplicable reason, renovate over night long-established grant practices. Confusion might be minimized if the instructions promulgating change were carefully and clearly drawn. Unfortunately, this is not the case. For example, a detailed set of instructions dated January 31, 1973, was telegraphed out to OEO regional offices promulgating new policies for the Agency.

These instructions stated unequivocally in one place that no grantee was to be funded for a period beyond June 30, 1973. This guidance, however, was not entirely consistent with a guidance in the January 29 memo to Community Action Agencies suggesting that phaseout grants would be for periods of up to 6 months. Nor were these two guidances entirely consistent with another guidance in a different part of the January 31 instruction to the regions. This third guidance indicated that grantees whose funding expired after February 28 were to be funded in periods not to exceed 30 days. Quite obviously these riddles are symptoms of haste, haste to initiate the phaseout of OEO and the Community Action program. The game plan is fait accompli, to accomplish the abolition of OEO and the Community Action program before the Congress can act to prevent it.

In the current context of the precipitous executive dismantling, it seems imperative that Mr. Phillips be summoned before committees of the Congress as soon as possible in order to explain what he is doing and to bring congressional pressure to bear to stay these illegal acts of termination.

Mr. Phillips is proceeding now with the phase out and termination of OEO and the Community Action program. It is my belief that the present actions are illegal. It shall be the purpose of this statement to point out how these actions are in conflict with 18 separate provisions of Federal law. They involve 12 violations of the Economic Opportunity Act as amended, total disregard and violation of the executive reorganization law, conflict with three separate provisions of the Federal penal law and violation of articles I and II of the U.S. Constitution.

I should like to review briefly with this committee the specific provision of law being violated. Unfortunately, as we proceed you will see unfold a shocking and cynical pattern of executive lawlessness. Our law-and-order President and his new OEO Director appear to feel that they live above the law, especially when they seek to deny the poor their rights under law.

I would first like to direct your attention, Mr. Chairman, to what we believe are 12 violations of our basic statute being perpetrated by Mr. Phillips and Mr. Nixon. Section 245 of the OEO Act of 1964 as amended reads:

DURATION OF PROGRAM

SEC. 245. The Director shall carry out the programs provided for in this title during the fiscal year June 30, 1967 and the eight succeeding fiscal years.

It is not pleasant to note that the President has turned his back on 25 million poor people in the United States. It is not pleasant to say

that he is so eager to do so, that he is in the process of violating 18 Federal laws. It is not pleasant to observe that the President has already embarked on an immoral "game plan" to demoralize and destroy the poverty program during the next few months, so that Congress will be effectively deprived of an opportunity to continue it, or that, if Congress does continue it, the program will have to be rebuilt from its ruins. It is not pleasant to have to point out that, if the President succeeds, he will have established a frightening precedent and, in effect, changed the form of our Government.

The precedent would be that the executive may unilaterally terminate or refuse to implement any agency or program established by Congress. The President's intent is to kill OEO. But the intent is also obviously to establish a precedent for regular future Presidential use. The result, if Congress allows the President to succeed, is a form of government strange and alien to these United States: A Congress emasculated by the President, the beginning of an executive dictatorship.

I am here, first, to ask that Congress take rapid and effective action to stop the President and Mr. Phillips in their tracks, to stop the illegal actions now underway destroy the OEO and its programs. To those Congressmen who oppose OEO, however, I would add this plea. Oppose OEO, if you will. Have Congress act to terminate OEO if you can but, whatever you do, do not let the President terminate OEO. Next time, your pet agency and program may feel the heavy hand of executive impoundment and abolition. Whatever happens Congress must vindicate its law-making role under the Constitution, in the OEO test case and in every case. It is the clear responsibility of Congress alone, as lawmaker, both to create and to terminate executive branch agencies.

How shall Congress vindicate its authority? We are by no means sure how to answer. We see a long struggle ahead. However, as a very high priority, first step, we very strongly urge that the new director of OEO, Mr. Howard Phillips, be summoned as soon as possible before committees of the Congress to explain his current actions to terminate OEO and the Community Action program.

He should be confronted with the laws we have cited and asked for his views. Most important, an agreement should be sought that he will submit for review by Congress a plan for the reorganization of OEO in accord with the requirements of with the executive reorganization law. And also in accord with this law, that he will cancel, rescind and abandon all announcements and activities in contemplation of the termination of OEO and the Community Action program unless and until a reorganization plan becomes effective pursuant to the provisions of the executive reorganization law. Perhaps, if the executive will begin to comply with the executive reorganization law, OEO may return once again to lawful operation.

OEO LEGISLATION

Section 245 of the Economic Opportunity Act of 1964 as amended:
Duration of program:

Section 245. The Director shall carry out the programs provided for in this title during the fiscal year June 30, 1967, and the 8 succeeding fiscal years.

COMMENT

Section 245 is the duration of program section for title II of the act. Funding of Community Action Agency programs is provided for under title II, section 245 mandates the Director to carry out title II programs, including community action through June 30, 1975.

The first 8 titles of the act deal with the various programs funded under the act. Each of these titles has a duration of program section similar in wording and substance to section 245. These are section 171—42 U.S.C. 2771; section 321—42 U.S.C. 2871; section 408, section 523—42 U.S.C. 2938; and section 615—42 U.S.C. 2965; section 741 and section 835—42 U.S.C. 2994d.

Mr. HAWKINS. May I ask in order to save time that you brief them, then we could go through these much faster. Give the statements that you state as unlawful but then brief the comments. Unfortunately, we do have about 15 witnesses. The committee can not go beyond 5 o'clock. In other words, we must discontinue these hearings before 5. We will have difficulty getting to the other witnesses if we go through all of the comments. Is this possible?

Mr. KENNEDY. I think it will go faster than you think. Could you give me another 5 minutes of this and see where we are?

Mr. HAWKINS. If you can do it in 5 minutes, that would be fine.

Mr. KENNEDY. I will not finish in 5 minutes but I think we will be out of the woods.

Mr. HAWKINS. All right.

Mr. KENNEDY. There are then a total of 8 duration of program sections in the Economic Opportunity Act of 1964 as amended.

There are then a total of eight and these sections unequivocally instructs the Director to carry out OEO programs in the current fiscal year and through the fiscal year ending June 30, 1975. How does OEO's new Director, Howard Phillips, respond to this congressional mandate? He announces that OEO is now in the process of closing down and will in fact cease operation June 30, this year, 2 years sooner than allowed by these 8 separate and distinct mandates to carry on to June 30, 1975.

(B) Section 3 of the Economic Opportunity Amendments of 1972 (Public Law 92-424) September 19, 1972; (86 Stat. 688) is entitled "Authorization of Appropriations". Sections 3(c) 1 and 2 are set out below:

3(c) (1) for the purpose of carrying out titles II, III, VI, VII and IX of the Economic Opportunity Act of 1964, there are authorized to be appropriated \$840,000,000 for the fiscal year ended June 30, 1978 and \$870 million for the fiscal year ended June 30, 1974.

An authorization of funds is a firm expression of congressional intent to appropriate funds for the period of the authorization and notice to the Executive to plan operations accordingly. In section 3(c) (1) above, Congress authorizes \$870 million for fiscal year 1974. The President and Mr. Phillips reply by indicating they will have abolished the agency by the end of fiscal year 1973. It simply will not, ordains the Executive, exist in fiscal 1974.

3(c) (2) Notwithstanding any other provision of law, unless expressly in limitation of the provisions of this section, of the amounts appropriated pursuant to paragraph (1) of this subsection for the fiscal year ending June 30, 1973, and for the succeeding fiscal year, the Director of the Office of Economic Opportunity

shall for each such fiscal year reserve and make available not less than \$328,900,000 for programs under section 221 of the Economic Opportunity Act of 1964 and not less than \$71,500,000 for legal service programs under section 222 (a) (3) of such Act.

Congress takes the somewhat unusual precaution in section 3(c) (2) of expressly reserving not less than \$328,900,000 for community action programs (221 programs) for fiscal years 1973 and 1974.

For fiscal year 1973 sufficient funds were appropriated to cover this reservation—see Public Law 92-607 discussed below. How then does Mr. Phillips spend not less than \$328,900,000 for the community action programs in fiscal year 1973? It is announced OEO intends to spend only \$285,300,000; that is, \$43,600,000 is to be impounded in the face of legislative instructions which most English-speaking adults would interpret to expressly prohibit impoundment.

How is Mr. Phillips planning to comply with congressional reservation of not less than \$328,900,000 for community action programs out of funds to be appropriated for fiscal year 1974? He has just announced to community action agencies that OEO will approve no funds for fiscal year 1974; that fiscal year 1973 grants are phaseout and terminal grants; that community action agencies should get about the business of shutting their 221 programs down, and that the cessation of section 221 funding will rescind their designation as community action agencies under the Economic Opportunity Act.

See OEO memo of January 29, 1973, to board chairmen and executive directors, community action agencies and other grantees funded under section 221 of the Economic Opportunity Act from the OEO Regional Directors re Termination of section 221 funding. This memo is a masterpiece of lawlessness. It evidences actual violation, or intent to violate the 18 provisions of Federal laws which are cited in this paper. This is so, since it outlines Mr. Phillips' illegal plans for shutting down OEO by June 30 and terminating the community action programs with fiscal year 1973 funds. Under the new rule of law expounded by Messrs. Nixon and Phillips, a budget message to Congress and memo to community action agencies will suffice to repeal provisions of the Economic Opportunity Act which direct the Executive to establish and continue to maintain OEO and its community action programs.

Another violation we believe is:

(C) Public Law 92-607, chapter IV, provided an appropriation for OEO for fiscal year 1973 (through June 30, 1973) of \$790,200,000.

The OEO memo cited above contains an attachment indicating OEO's estimate of total obligations for fiscal 1973. The estimate is \$676,700,000; that is, \$113,500,000 will be unlawfully impounded, presumably the savings from the precipitous and illegal shutdown of OEO and its community action programs.

The illegality of impounding has been pointed out by no less a legal authority than Supreme Court Justice William Rehnquist. While he served Mr. Nixon as an Assistant Attorney General, it is known he stated in writing his opinion that the President lacked authority to impound funds. It is regrettable that the President has ignored this solid legal advice.

The title of section 28 of the Economic Opportunity Amendments of 1972 is "Function of Director." The text is set out below:

SEC. 28. Notwithstanding the provisions of section 602(d) of the Economic Opportunity Act of 1964, the Director of the Office of Economic Opportunity shall not delegate his functions under section 221 and title VII of such act to any other agency.

This section forbids the delegation of community action programs section 221 programs and of community economic development programs (title VII). Since no time period is mentioned in this section, the prohibition is presumably coextensive with the duration of these programs; that is, through June 30, 1972 (already discussed in sec. 1(A) above). How does the Nixon administration respond to this instruction in effect to keep community action programs at OEO through June 30, 1975? It announces that in fiscal 1974 the General Services Administration, not OEO, will have responsibility for the community action programs and that this responsibility will not be for their continuation as mandated by the Economic Opportunity Act but rather, for the later stages of their illegal winding down.

Next I would like to briefly refer to the Executive Reorganization Act. I would like to briefly state our opinion that when the President wishes to reorganize or abolish an agency, he is required to submit a numbered reorganization plan to Congress. Congress has 60 days from the date that the reorganization plan is submitted to defeat the plan. If neither House of Congress votes to disfavor the plan, then it becomes effective at the end of the 60-day period.

A reorganization plan is to deal with only one subject matter.

Now, I would refer you to section 8 of the Constitution which states, and I quote:

The Congress shall have the power to make all laws which shall be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the Government of the United States or in any department or officer thereof.

Article 2 of the U.S. Constitution provides in relevant part as follows:

Section 3. He (the President shall from time to time give to the Congress information of the State of the Union and recommend to their consideration such measures as he shall judge necessary and expedient * * * he shall take care that the laws be faithfully executed * * *

In the Constitution of the United States one certainly does not find the power for the President of the United States to unilaterally abolish an agency of the executive branch which has been established by law of the Congress of the United States. Quite the contrary. Article I, section 8(18) gives Congress exclusive lawmaking power, "To make all laws" in regard to "the Government," or "any department or officer." For example, to make the laws cited above, which expressly mandate the continuation of OEO and its Community Action program. Once such laws are made by Congress, article 2, section 3 makes it clear that there is only one lawful course for the President: To "take care that the laws are faithfully executed."

How does the President "faithfully execute" the laws or the provisions of the Economic Opportunity Act requiring the continuation of OEO and the Community Action program? He and Mr. Phillips unilaterally have initiated action to terminate both. These actions are an invasion of Congress lawmaking authority under article 1 of the Constitution, as well as under article 2, a brazen violation of the President's duty to faithfully execute the laws.

IV. RELEVANT FEDERAL CRIMINAL PROHIBITION

The following criminal statutes are contained in title 18 of the United States Code:

Section 242. Deprivation of rights under color of law.

Whoever, under color of any law, statute, ordinance, regulation, or custom, willfully subjects any inhabitant of any State, Territory, or District to the deprivation of any rights, privileges, or immunities secured or protected by the Constitution or laws of the United States . . . shall be fined not more than \$1,000 or imprisoned not more than one year, or both; and if death results shall be subject to imprisonment for any term of years or for life.

Comment: The poor have a right to have the Director of the Office of Economic Opportunity carry on the programs of the Office of Economic Opportunity through the fiscal year ending June 30, 1975, in accordance with the eight duration sections of the Economic Opportunity Act—discussed earlier. The poor have a right to have OEO spend all of the \$328,900,000 on Community Action programs which Congress has reserved and appropriated especially for the programs in fiscal 1973.

The poor also have a right that, before the President takes steps to abolish the Office of Economic Opportunity upon which they depend, that he comply with the requirements of the Executive Reorganization Act set out above and submit his proposal for reorganization or abolition of OEO to the Congress for its approval. Under the Constitution, the poor have a right to see that Congress laws regarding the Government and its departments and offices (article 1 above) be respected by the executive branch and, in fact, that they be faithfully executed (article 2 above). The poor and the Community Action agencies which serve them, are now in the process of being deprived of these rights under the Constitution and laws by the President and by the Director of the OEO, Mr. Howard Phillips. This seems to be a *prima facie* violation of section 242 above, as well as two related conspiracy statutes which are set out in relevant part below.

Section 241. Conspiracy against rights of citizens:

If two or more persons conspire to injure, oppress, threaten or intimidate any citizen in the free exercise or enjoyment of any right or privilege secured to him by the Constitution or laws of the United States, or because of his having so exercised the same . . . they shall be fined no more than \$10,000 or imprisoned not more than ten years or both; and if death results, they shall be subject to imprisonment for any term of years or for life.

Section 371. Conspiracy to commit offense or to defraud United States:

If two or more persons conspire either to commit any offense against the United States or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

If, however, the offense: the commission of which is the object of the conspiracy, is a misdemeanor only, the punishment for such conspiracy shall not exceed the maximum punishment provided for such misdemeanor.

Comment: What we are then saying is that Richard Nixon and Howard Phillips are now hard at work trying to deprive the poor of their legal rights to the assistance of OEO and its programs and, when our legal research was done, this appears to be not only a figurative crime, but also literal crime, in fact, perhaps three literal crimes.

Mr. Nixon and Mr. Phillips may be sure that, if they persevere in their illegal acts to terminate OEO and the funding of Community

Action, there are many people in the United States who will not rest until a prosecution is initiated—perhaps by a special prosecutor—under one or all of the above provisions of Federal criminal law, and until a jury of citizens is afforded an opportunity to judge their innocence or guilt of crimes against the poor.

CONCLUSION

This analysis is the response to an emergency involving the continuation of a thousand Community Action agencies and benefits for millions of poor people. Attorneys have not had an opportunity for an exhaustive search of the Federal law. This analysis merely reports the violations of 18 separate provisions of Federal laws which have emerged from their efforts to date. There may be and probably are more.

From the above, it is inescapably clear that the President and the new Director of OEO are guilty of violating the Constitution and laws of the United States by their present precipitous and unilateral actions to abolish OEO and the Community Action program.

This concludes my remarks before the committee. I wish to thank the committee for its attention and again express my appreciation for this invitation to appear before it.

Mr. HAWKINS. Mr. Kennedy, I find your statement to be very well done and certainly a challenging analysis. The committee will fully explore this phase of the problem.

On the basis of the statement you have made and the evidence we have had presented to this committee, the subcommittee may take action in the very near future.

You asked that the matter be settled in a legal fashion. I am not at liberty to discuss that today because we have not had the full committee meeting on that subject. But certainly the information you have submitted to this subcommittee will be helpful in making that decision.

I think you indicated that a supplemental statement will be made.

Mr. KENNEDY. Yes, I would like to call on Mr. John Price who has a statement to make.

Mr. HAWKINS. May I ask that he be brief also in deference to the other witnesses.

Mr. PRICE. Yes, I have a prepared statement. Mr. Chairman, members of the committee, I am John Price, president of AFGE Local 2677. I am not a high-level OEO official and my remarks represent a perspective from the working level.

You will doubtless note that I, representing the union membership at OEO, have a biased view which also may seem to be self-serving. The OEO employees are concerned out of self-interest, but not in any narrow sense. Our concern and legitimate self-interests extend far beyond the questions of immediate employment. We are interested in defending the dedicated employees involved in the antipoverty programs from the implication that they are somehow un-American because of their antipoverty involvement.

This thinly veiled assertion is preposterous; we are talking about 424,000 persons who represent the entire spectrum of American life—black, brown, white, oriental, urban and rural, retired military officers,

and with all their differences, one overriding commitment binds them together—the belief that the poor could be provided the means to help themselves through the democratic processes of this country. I might add that a considerable number of the OEO family, of all races, hold decorations earned on the battlefields where one's commitment to freedom and country is put to the final test.

They do not in the least appreciate their dedicated service of the past 7 years being characterized as some sort of Marxist mixup.

A moment ago I used the word "family" to describe the overall OEO effort. I think the term is appropriate. When all is said and done, I think that we will recognize that one of OEO's finest achievements was the tremendous degree of rapport, mutual support, and mutual respect that developed across racial and geographical barriers among the 424,000 persons directly involved as employees in the program at the Federal, State, and local levels. It is the best example I know of translating the rhetoric of equal employment opportunity not only into actual employment, but subsequently translating the employment into the mutual respect that I mentioned earlier.

We are interested in some honest recognition for sincere and conscientious effort to eliminate poverty in this country. We are interested in building upon the experience of the last 7 years to do an even better job.

We are interested in the thousands of brothers and sisters in this country who have joined in this effort.

We are interested in the preservation of the principles and programs of community action. The heart of this program has been and continues to be local decisionmaking and participation of the poor in determining what programs most effectively serve their needs. The issue is not one of centralization versus decentralization, revenue sharing versus the continuation of categorical national programs. The real issue is whether the community action program is to be dismantled before there is any chance to incorporate its principles into a program to be initiated under revenue sharing. We are not interested in seriously considering statements in a budget-message which states that the community action program is being discontinued as a national program because it is an accomplished fact and part of the ongoing processes of government across the land. Much has been done toward that end, but much remains to be done. A more candid reason, I believe, in this administration view for the dismantling of the community action programs was put forth by the new Acting Director of OEO, Howard Phillips, in which he stated that the program somehow flew in the face of democratic values. It is terribly ironic that the only social action program in the country which takes the views of the community into account as a central principle is the one singled out as representing undemocratic values.

We are interested in the approximately 184 CAA employees, employees who have done an outstanding job in the program but who lack the educational qualifications in many instances to gain employment commensurate with their ability and practical experience. The administration has not even proposed any effort to help these persons—many of whom will be forced back on welfare.

Mr. Chairman, members of the committee, immediate congressional action is required if the social advances of the community action pro-

gram and OEO generally are not to be irrevocably lost. I say this because the dismantling of OEO has already begun. Grants to CAA's are being frozen. All travel by OEO employees has been halted. All technical assistance efforts have ceased. On a very petty level, the names of all OEO officials other than Mr. Phillips have been removed from the directory in the lobby and other places within OEO.

In short, a series of moves has been undertaken clearly designed to so confuse and demoralize OEO employees at all levels that the elimination of OEO will be an accomplished fact for all practical purposes even before the 60-day notification period will have expired. I ask your support to avert this tragedy and to demonstrate to the American people that the principles of humanitarianism are not dead in this great land. Together, we shall overcome.

I would like to thank Chairman Hawkins and members of this committee for the opportunity to appear before this distinguished group.

Mr. HAWKINS. Thank you very much. We have no questions. Thank you.

The next witnesses are Mr. Ernest Bailey, Rev. Felix Dancy, and Mr. Chalo Rameriz, board of directors of Greater Los Angeles CAA.

STATEMENT OF ERNEST BAILEY, LEGISLATIVE ANALYST OF GREATER LOS ANGELES COMMUNITY ACTION AGENCY, AND FELIX DANCY AND CHALO RAMERIZ, BOARD OF DIRECTORS OF GREATER LOS ANGELES, CALIF.

Mr. HAWKINS. It is certainly my privilege to welcome you to testify before the committee, particularly in view of the fact that you come from the area which I have the honor to represent.

At this time we hope you will feel free to present your testimony. Do you have a prepared statement?

Mr. BAILEY. No, I do not. First of all, Mr. Chairman, we would like to express our thanks to you for inviting us to appear before your subcommittee. If I may, I would like to express my pleasure in introducing two members of the Greater Los Angeles Community Action Agency board of directors.

On my near right is Rev. Felix Dancy and on my far right is Mr. Chalo Rameriz; both of these gentlemen were elected by the poor to represent them on the 15-man Greater Los Angeles Agency board.

Mr. HAWKINS. Fine; I think this is the first time we have had some representatives of the poor who have been so elected before the committee. I certainly want to welcome them and express our satisfaction that they had the opportunity to come here and to see democracy in operation.

Mr. BAILEY. Thank you, Mr. Chairman. I just have a few remarks I wish to make. Once again this Nation is telling the poor that we have changed our priorities. It seems that we, the wealthiest nation in the world, are being asked to assemble all of our resources to rebuild South Vietnam. To be even more ridiculous we are also being told that billions and billions of dollars will be needed to rebuild North Vietnam.

That seems even more ludicrous in light of a scant two months ago the Nation's entire military might was involved in the destruction of North Vietnam.

Poor people are asking when this Nation will address itself to the plight of our underprivileged, to those of us who need food, health services, job training, transportation, decent housing, quality education, and all of the basic necessities that some Americans consider a right.

I submit, Mr. Chairman and members of the committee that the proposed action to destroy the Office of Economic Opportunity and the community action concept will have disastrous and far-reaching effects on the lives of the poor of this Nation. Poor people are very aware of the fact that they can not petition city hall to satisfy their needs. In Los Angeles the city government of Los Angeles, pledged \$20,000 out of the entire city budget to the Greater Los Angeles Community Action Agency. However, for the last 3 years they have not released but \$20,000 of the total pledge over the 3-year period. Are the poor now being told that they must go to the Los Angeles City Council and to the Mayor of Los Angeles and ask him to consider them in his budgetary needs? Let us not kid ourselves. One reason for the establishment of OEO and community action agencies was that local governments were insensitive to the needs of the poor. Community action agencies gave the poor a place that they could not only address their problems but they, the poor themselves, could participate in the decisionmaking process at the policy level.

Never in the history of this country has such a process as this taken place.

Mr. Chairman, members of the committee, I strongly urge that Congress not allow the President to dismember the Office of Economic Opportunity and destroy the community action concept.

Thank you, sir.

Mr. HAWKINS. Thank you, Mr. Bailey. Would you care to make a brief comment, Reverend Dancy?

Reverend DANCY. Mr. Chairman, I appreciate the opportunity to say that I feel very strongly, having recently been elected to this board of the CAP Agency of Los Angeles and having observed its operation, and also understanding that there is no other agency or organization in the area to carry out the same program or qualified to carry out the same program that the Agency has been working at and developing over the period of time this program as the Equal Opportunity Act has been involved during operation and has established these CAP Agencies.

To utilize or attempt to utilize any other method to do the job that the present CAP Agency of Greater Los Angeles is doing would be I think, a misuse of funds due to the fact there would have to be of necessity a retraining, reorienting, and reeducating of those persons who would assume the responsibility of trying to serve the needs of the poor.

So whatever method that is used or may be programed in order to provide the funds, first of all, that is what we are concerned about. That the poor not be disenfranchised, not be considered in the allocation for programs that will help to serve and upgrade and uplift them.

Then the other points that we are concerned with, the fact that at this time we are being compelled, almost by mandate, to begin to dismantle this organization that has so effectively served over the past years.

Mr. HAWKINS. Thank you, Mr. Ramirez.

Mr. RAMIREZ. Thank you, Mr. Chairman. First of all, I would like to say that I come out of the County of Los Angeles, Pomona, Calif.

Pomona was one of the cities that received the greatest amount of revenue sharing. Up to this time the city officials in Pomona have refused to allocate any of the moneys to the poor people in Pomona. In fact, there is an election coming up within the next month. They have politicized a problem that I consider social. It is very important that people as yourselves and other elected officials understand that the poor are just beginning to go through the process of politics. We need social support to begin to solve the problems of the poor. Poverty is not like an end to war. It will continue to exist for a long period of time. We need your help, not politically speaking, but socially speaking we need your help.

Thank you.

Mr. HAWKINS. Thank you.

Again I wish to commend the witnesses. I know you have come a long distance. I regret we had such a delay in reaching you. I think your contribution is worthwhile and certainly will be very helpful to this committee.

Mr. BAILEY. Thank you, Mr. Chairman.

Mr. HAWKINS. The next witness is Mr. Robert Gardiner, former president of the ABCD in Boston, Mass. We are also welcoming Mr. Robert A. Coard, CAP director of Boston, Mass., and Mr. Percy Wilson, from Roxbury Multiservices of Boston.

STATEMENTS OF ROBERT A. COARD, CAP DIRECTOR, ACCOMPANIED BY ROBERT GARDINER, FORMER PRESIDENT OF ABCD IN BOSTON, MASSACHUSETTS: PERCY WILSON, ROXBURY MULTISERVICES OF BOSTON AND DORIS GRAHAM

Mr. COARD. We are also asking Mrs. Doris Graham and Mr. Robert Gardiner from Charleston to sit at the witness table with us.

I would like to introduce first Mr. Percy Wilson from the Roxbury section of Boston, Roxbury Multiservice Center. Roxbury is an area like any in our large cities which had some civil disturbances sometime ago.

Next to him is Mr. Robert Gardiner, who is a banker and former treasurer of Action for Boston Community Development. Mrs. Doris Graham used to be a former welfare recipient and has been active in this program for many years and has given the kind of leadership in Boston which has been recognized by State and city. She has now recently been appointed to the board of trustees to the city hospitals, an unusual honor in the city of Boston.

Mr. Gardiner directs the John F. Kennedy Family Service Center in Charleston, which is a very significant section of a very old city in this country.

In the interest of time, I will not read my full statement. I will leave that for the record. I will speak briefly on some aspects of it. One of the things that we face is that poor people see the Federal Government in Washington breaking the law and yet we ask them to be lawabiding.

That is a very difficult thing when we set such a bad example in Washington itself. I am including the entire Government and all its branches because, if one does it, you know, it is a commission and the

other one performs on the basis of omission; we are all equally guilty. I do hope that Congress will get an injunction to prevent the rapid, abrupt, and very savage dissolution of these programs to help the poor people of America because it is being done very abruptly and quickly so that folks will not be able to recover. We have had a revolution in expectations in this country among our poor people and minorities. We cannot put the genie back in the bottle. We cannot cork it again, otherwise it will explode.

Further, the administration is playing a con game on the poor people of America and on the Governors and mayors of America and we must call it for what it is.

We are speaking of revenue sharing making possible the picking up of CAP programs and Model City programs if and when the Congress agrees to phase them out.

I hope the Congress has something to say about that because they did not have anything to say about it when it got passed in the first place. I think it should take two to tango for something that important in American life.

I will say what is happening in Boston as an example because I can speak as some kind of an authority on that. I can also speak with regard to Massachusetts because I am president of the Association which covers the 24 Community Action programs in that State. We had a meeting yesterday in which over 75 persons from that program attended.

We discussed our common concerns and problems and information which I will not go into because of the time factor. At the present time we are speaking of what is being spent in the categorical programs that will be folded under to form the new revenue sharing, special revenue sharing category called community development.

In Boston \$977 million has been committed for urban renewal. Eight million dollars is being spent in Model Cities. Other moneys of a smaller amount are being spent in open space, neighborhood facilities, water and sewer. In total they come to \$130 million, plus \$4 million in section 221 for the CAP program in Boston. ABCD gives us a total of \$135 million in the categories that we become compressed or eliminated.

The formula that was presented by the Nixon administration to Congress for passage and the statistics or information they have given our mayor as to how much money he can expect for Boston is \$28.3 million. So, if anyone is going to tell the people of Boston they are going to be able to take \$134 million worth of programs and buy it for \$28.3 million, they belong in some book written by Mark Twain.

Not only that, Mr. Chairman, right now the city of Boston says that they have \$50 million annually in commitments under contract, bond issues, and debt service that they have to honor first if any money comes in from special revenue sharing.

You, first of all, must take \$28.3 million and apply it against \$50 million of the contracts at the present time and the city, of course, is in deficit. I think that is one thing we should look at and analyze with regard to every locality before we tell people that revenue sharing is going to meet the needs now being met under these funds.

So there is no option at all. It is a joke. In our CAP program, we try to have track records of three tracks in terms of achievement. One

is in services themselves such as manpower training where we have a record we are very proud of. The Director of OEO in previous testimony to the Senate cited our agency as effective for manpower services.

We have also worked with others, other agencies to make their programs more responsive to the poor. We have new people on the boards. We even have a member on the board now who used to be a staff member, used to be on welfare and put on the board by the Governor.

The only citation was she had been an effective board member of ABCD. This is the kind of record we have achieved with regard to leadership development in the city of Boston. We have a number of neighborhood boards to which people get elected and our central board where people from the various segments of the community and various segment groups work in harmony.

If there is one program that has brought people together, as the President says, he would like to have happen, it is a CAP board.

The other thing is that we have hired staff people from the community themselves and provided employment. Eighty-three percent of our total staff of 1,500 throughout the city live in the poverty areas of Boston still, after they have been hired, including myself. Fifty percent of these people were formerly on welfare rolls.

The city of Boston has the highest welfare percentage participation in any city in the country, 25 percent in some form of welfare. If our people lose their jobs as a result of elimination of this program over 50 percent of them will be back on welfare costing the taxpayers much more money from cash, plus dashed hopes and things I hate to talk about because we all know about them ourselves without my having to go into them.

We have recently been told that this program will be cut this summer, taking 5,500 jobs away from inner-city, low-income kids.

Last summer our grant for this amounted to \$2,390,750 or approximately \$2.4 million. By cutting this program, not only will the opportunity for 5,500 kids to work during the summer be taken away, but agencies which used their employment to provide services of benefit to the public will be forced to cut back on these services. Gone, too, will be community catalysts stimulating the growth of new resources. In Dorchester, a poverty area of Boston, the neighborhood APAC center mobilized no less than \$10 million in program and facilities to be redirected toward meeting the special needs of the poor.

The second track of the Community Action function in Boston is to offer employment and vocational growth opportunities to the poor who are denied access to traditional ladders up in our society. More than 80 percent of ABCD's staff are residents of poverty neighborhoods. They are uniquely qualified by personal experience to provide services to poor people, and at the same time they are able to gain invaluable and extensive on-the-job training as well as formal academic development program with Middlesex Community College. Studies have shown that about 50 percent of the 1,500 people on the ABCD payroll, most of them recently joining the staff, would return to welfare were it not for their opportunity at ABCD. Large numbers of ABCD staff leave the agency after a period of growth and training to take important positions with government and private agencies in Boston. Among its alumni, ABCD boasts the manpower administrator of Boston, the Massachusetts deputy commissioner of corrections, the

Regional Director of the U.S. Office of Child Development and many, many more. The majority of these modern-day, self-developed Abraham Lincolns have no college degree. ABCD has been called "Drop-out University." It is a label we are proud of because it shows we are doing our job.

The third track of the CAA function is the discovery and development of community leadership through membership on governing and advisory boards at the neighborhood and citywide level. At ABCD there is a citywide governing board of 51 members and 11 neighborhood governing boards as well as numerous advisory boards. These boards have real power to make policy and establish priorities for multimillion-dollar programs. Their accountability to the low-income community that annually elects them is clear. Through dedicated service on such boards, community residents learn the ropes of working within the system to achieve their ends and become constructive members of the civic body in their neighborhoods, cities, and State. Our boards also include city officials and city counselors and accountability also to the local elected government. It has been said that one "failing" of the community action program has been that the poor are treated separately. This is not so. CAA boards of directors are specifically designed to bring poor people together with leaders in other sectors of the community—elected officials, businessmen, labor leaders, and spokesmen for minority and ethnic groups—to jointly deal with the special problems of the poor. CAP agencies uniquely have done as President Nixon suggested, they have "brought us together."

The crux of this entire three-tracked approach is self-help—helping people at least who are least able to help themselves to get a start on the long road out of poverty. Services are designed to give the push needed to be on the way. It is like the fishing pole idea. Welfare gives people a fish and lets them eat for a day. Community action gives people the fishing pole and the skills to use it, allowing them to begin relying on themselves for food. This is no giveaway, this is opportunity. Snatch away that opportunity, that concept of self-help, and its successor may not be so constructive.

The impact of the proposed Federal budget will be most severe among the poor. Yet the impact among the middle-class segments will be significant as well. In all of the United States, almost 200,000 persons are employed by CAP agencies. In Boston ABCD employs 1,500 staff people. These people are not on welfare. Since 80 percent of them are from Boston's poverty areas, lack of employment here will return a very high percentage to welfare rolls and despair particularly in light of this abrupt demise of OEO without a compensating plan. They are performing important jobs that are useful to the community and they are helping to support the economies of their local communities, cities, States, and Nation.

We would like our Congressmen to tell you so, even Congressmen who may disagree with many of the people we serve. I have been in Congress last year to testify before the committee, the House Education and Labor Subcommittee on Manpower Programs and had Mrs. Louise Day Hicks praise ABCD before the Congressmen, and when she sat at the head like you are now, based upon the effective work we have tried to do in our community. We feel we are providing a fishing pole to people. We are not giving them welfare. It is a fish they will

eat and lose track of in the digestive system but a fishing pole they will learn to work with to do good work themselves.

We have made a brief economic analysis so far ABCD pays out a total of \$9,362,948 per year in payroll, \$3,522,539 of which was paid to 7,700 enrollees as stipends. By means of the GNP multiplier approximately \$8,806,347 in spending is generated to support shopkeepers, restaurant owners, landlords, and manufacturers—the core of the economy. In addition, ABCD spends about \$9,042,500 annually in supplies and services and services again providing stimulation to the local economy.

In fact, if salaries of staff, salaries of persons placed on jobs and cost of goods and services purchased are considered together, it comes to about \$38 million. When this sum is increased by the $2\frac{1}{2}$ GNP multiplier, we are talking about \$95 million in the city of Boston alone. The proposed Federal budget, by taking away more in cuts than is replaced in revenue sharing will knock an important leg out from under our delicately recovering economy. Worse yet, even if the same number of dollars came back to cities, the poor neighborhoods would be severely crippled because a disproportionately smaller amount will be directed to low-income residents and communities after local politics divide up the no-strings manna from heaven called revenue sharing.

Newspaper accounts have some communities spending revenue sharing for mowing lawns in cemeteries. Conversations with officials in Boston indicate that after long-term commitments are taken care of, little will be left of revenue sharing for community action activities.

The stakes, gentlemen, are high. Expectations have risen in so many ways among so many people that to abruptly turn the clock back to prepoverty program days is to foolishly court disaster. CAP agencies have become important cogs in the public and private service delivery system. To remove CAA's will severely disrupt those systems in localities around the country. CAA's are unique vehicles for upward economic mobility and development of constructive community leadership. Remove CAA's and watch the welfare rolls bulge and less positive leadership emerge. Remove CAA's and also watch local economies, especially in central city areas, decay. Yes, the stakes are high. I am not saying that all CAP programs are perfect. I know many are not. I also know many which are doing an excellent job. What is needed is a scalpel, not an ax. We cannot afford, in this land of compassion which is rich enough to plan to spend \$7.5 billion for rebuilding North and South Vietnam to hastily throw the baby out with the bath water in the name of false economy for our own poor and disadvantaged.

I thank your committee very much for the opportunity to speak to you.

Mr. HAWKINS. Thank you.

Do you wish to have anyone else make a statement before the committee?

Mr. COARD. Yes, Mr. Gardiner, if it pleases you, would like to speak.

Mr. HAWKINS. We will be happy to hear from him.

Mr. GARDINER. Thank you, Mr. Chairman.

As you have heard from Mr. Coard, my credentials as a member of the establishment are impeccable. I come before you representing that

group. It is through that association I became president of the agency. The United Way, because of that position I was on the board in 1964 before OEO went on the books of the legislature. At that time ABCD was conducting pilot projects. The board consisted of traditional establishment types such as myself and plans being developed by Ph. D.'s from schools of social work.

After OEO was created, ABCD went on in much the same way it had. The poor were not involved until summer of 1965 when a group of people from Roxbury very largely came to OEO and succeeded in having all the funds shut off until such time as ABCD could reconstitute themselves to be truly representative of the poor.

A so-called treaty was worked out in which the poor who were elected and should constitute 51 percent of the board of directors.

I cite this as an example of why it is absolutely essential that OEO exist to focus the attention of the Nation on the plight of the poor. To substitute this by revenue sharing would destroy that focus. Therefore, I am convinced and I would cite my own history because it is through personal observation that I have become convinced that the only way in which this war can be conducted is through an office here in Washington. And the President talks about delegating it and giving it back to the local communities. I say it is now in the communities in a way it never could be in any other method. These local community agencies known as area planning action councils of which Mrs. Graham is executive director is one of them, they are the grassroots, the agencies conducting the war in the areas of poverty. It is a perfect example of delegation. So I do urge the Congress in the most strenuous, strong language I can, to perpetuate the office of Economic Opportunity and do not be fooled by this idea that revenue sharing can possibly substitute.

Thank you.

Mr. COARD. Mr. Chairman, if Mr. Percy Wilson could have the brief opportunity to make a statement, we would also appreciate it.

Mr. HAWKINS. Mr. Wilson, proceed.

Mr. WILSON. Thank you very much.

I wish just to say briefly that over the past decade CAA has served as a catalyst for positive programs to resolve the problems of America's forgotten citizens. For the first time in the history of our country, people of all types and kinds, black, brown, and Indians are participating in the Government process. Many of these persons 10 years ago did not understand that process, let alone how to influence the system, interpret the bureaucratic rules or in other words, how to influence the system, interpret the bureaucratic rules, or in other words, how to play the game. CAA's provided them the opportunity to develop these skills. Now that they have these skills, the President seeks to deny them the opportunity to use them. I must remind the members of this committee that the consequences of the President's proposed actions may be too vast for the country to absorb.

The vote to re-elect Mr. Nixon was not a reflection of approval of his domestic policy, but rather, the wish of the American people to see the end of the Vietnam war. It appears that peace in Vietnam will be at the expense of domestic peace.

To give an example of the severity of these proposed cuts: Over the past 7½ years, the Roxbury Multi-Service Center has provided direct

services to over 30,000 individuals. Indirectly, the Roxbury Multi-Service Center has served nearly 100,000 persons. Multiply these figures by the number of similar agencies across the country, and it becomes obvious that millions of people are going to be seriously affected.

The time has passed when the citizens of this country will tolerate the kind of manipulation indicated by the President's budget.

On January 16, 1973, I sent a telegram to the President encouraging him to reconsider the cuts proposed in his budget. To this date, he has not responded. Attached is a copy of that telegram for your records.

In summary, it is imperative that the Congress employ all of its energies to redirect the President's actions, so as to assure the continuation of Community Action Agencies.

[Mr. Wilson's statement and telegram referred to follow:]

STATEMENT OF PERCY C. WILSON, DIRECTOR OF THE ROXBURY MULTI-SERVICE CENTER

It is clear that the President's strategy through his proposed budget submission is to rip the heart and soul out of Community Action Agencies (CAA's). This strategy is not only inhuman, but illegal. Congress has authorized the continuation of the Office of Economic Opportunity and its programs through June 30, 1975. By ignoring that authorization, the President's budget requests are contrary to the intent and spirit of existing laws.

Over the past decade, CAA's have served as catalysts for positive programs to resolve the problems of America's forgotten citizens. For the first time in the history of our country, people of all types and kinds, Black, Brown and Indians, are participating in the governmental process. Many of these persons ten years ago did not understand that process, let alone, how to influence the system, interpret the bureaucratic rules, or in other words, how to play the game. CAA's provided them the opportunity to develop these skills. Now that they have these skills, the President seeks to deny them the opportunity to use them. I must remind the members of this committee that the consequences of the President's proposed actions may be too vast for the country to absorb.

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To give an example of the severity of these proposed cuts: Over the past 7½ years, the Roxbury Multi-Service Center has provided direct services to over thirty thousand (30,000) individuals. Indirectly, the Roxbury Multi-Service Center has served nearly 100,000 persons. Multiply these figures by the number of similar agencies across the country, and it becomes obvious that millions of people are going to be seriously affected.

The time has passed when the citizens of this country will tolerate the kind of manipulation indicated by the President's budget.

On January 16, 1973 I sent a telegram to the President encouraging him to reconsider the cuts proposed in his budget. To this date, he has not responded. Attached is a copy of that telegram for your records.

In summary, it is imperative that the congress employ all of its energies to redirect the President's actions, so as to assure the continuation of Community Action Agencies.

Telegram Sent On: Tuesday, January 16, 1973 at 12:05 p.m.

President RICHARD M. NIXON,
White House, Washington, D.C.

We learned recently of your attempt to cut off funds for all urban and model city programs; urban renewal and model city programs have had a significant and positive impact on the lives of residents in urban communities. Programs that contribute to the overcoming of those problems that cause the continuation of the vicious cycles of poverty and deprivation have not been viewed favorably by you and therefore have not withstood the moves to abort them. The proposed

cut comes as no surprise to us as clearly this administration has shown itself insensitive to the needs of minority and poor communities.

To decrease funds flowing to urban communities rather than increasing them is criminal. It reflects the administration's policy that human life is secondary in importance to power and control. The continuation of the war in Vietnam is also criminal and reflects again what little consequence human life is to this administration.

We strongly urge you to reconsider the cutting of these funds and to affirm to the people of the United States that you are concerned about their welfare.

PERCY C. WILSON,

Executive Director, Roxbury Multi-Service Center.

Mr. HAWKINS. Mr. Coard, does that complete your testimony?

Mrs. GRAHAM. I would like to say two words and talk from the grassroots level. I am speaking solely as a welfare worker and a community representative.

Now what we have accomplished through the antipoverty program in the Dorchester area could not have been accomplished through any other means.

To destroy the antipoverty program in the Dorchester area where we have 200,000 people, approximately 30 percent of them are poor, welfare recipients who came off of welfare, 90 percent of those working in our office. Today we have the dean of BU who started in the Dorchester community in basic education, helping the youngsters and older people getting high school equivalency and to come on to be the dean of Boston University. We also have a young girl who went from the secretary of Head Start to my secretary, from my secretary on to the director of economic development. From director of economic development to the senior citizens director.

When she said, I have a chance to go higher, what do you think, I said, if you have the chance, you have earned it. Today, she is director of economic development to the Stop and Shop Stores. That is a big boost. This is the kind of thing the antipoverty program has done.

If we are going to take it away from people, I know where I am going, because I have no degree. I have never been to college. All I have been is to high school. I graduated from high school. I have the know-how and the technique and technical, as they say, mother's wit. I know the people believe we can come out of poverty. We cannot come out of poverty in Massachusetts under revenue sharing. The average poor people have no social security. You have to be at the bottom of the totem pole whether you are in the State or city to be a social security-listed person. I was a child in the WPA days and I knew then what it had done. I came out of that and with great expectations that we could move up greater. I watched my own family move up. I have six children. I am grateful for this antipoverty program because if I did not get involved, they would have been in crime and drugs on the street. With interest they saw what I was doing. Today I am proud to say that two are in college. The other four are still in school. All they see in front of them is getting ahead.

If we are to crush the antipoverty program, we are going to crush the hopes for tomorrow. That is all I have to say.

Thank you for your time.

Mr. HAWKINS. You have said a lot, Mrs. Graham.

Mr. GARDNER. As Mr. Robert Gardiner explained, my agency and Percy Wilson's in Roxbury were formed before OEO came into

business as social service agencies using that initial money. We have developed other resources, OEO being one of them.

The two objections that the Congress will be hearing in the months ahead are one, that people who like ourselves come to testify or protest are only trying to save our own jobs. I think the point Mrs. Graham made was good inasmuch as a number of people working on her staff were before on welfare so that is not an accurate statement. In my own agency, when we started in 1965 there were only two neighborhood people. The rest were professional people not residing in the Charlestown community. Today over 85 percent of those people are neighborhood people.

Many are working in professional jobs, social workers through training by professionals on our staff. So that mix between the professional and nonprofessional can work.

I think the second criticism of the OEO program has been that primarily this is for blacks and blacks who riot. Charlestown is a community of approximately 17,000 people. We only have 25 black and Spanish-speaking families in our community. We have never had a riot but of the 17,000 population, we have serviced annually approximately 3,000 people with just OEO programs alone. So I think that is a factor to be certainly recorded in Congress' consideration.

Thank you.

Mr. HAWKINS. Thank you.

Mr. COARD. Thank you very much, Mr. Chairman. May I just say one thing. I noticed in yesterday's newspapers something that is very relevant to this. It was that before the House Appropriations Committee, Mr. Ash indicated, if Congress should cut defense spending by \$5 billion and increase spending on domestic programs by the same amount, that it would be OK with the administration. He said it is your prerogative to make such changes as long as Congress stays within the President's \$250-billion budget limit.

I would like to say in closing that you consider such steps, Mr. Chairman, as rapidly as possible.

Mr. HAWKINS. He did not say what the President would veto; did he?

Mr. BENITEZ. Mr. Chairman, I have a question. There is just one statement I would like to make at this point. I have sat here since 9:30 this morning and will stay as long as it is possible. I think that the testimony that we have heard is profoundly significant and valuable. It evidences an effort and achievement in the long and difficult uphill process of welding this Nation together.

I am certain that if the President of the United States had appreciated the enormous emotional resources resulting from this OEO program, or if he were to have the opportunity which we ourselves have had, we would not have a confrontation on this issue, but rather a basic understanding that a mistake has been made and that its rectification is absolutely necessary. So, I thank all of you as a member of the community involved in this effort and even more as an American citizen, for your understanding and for your determination to work in the line of cohesion and in the line of identification with the basic values which make this Nation what it has been in the past and what we hope it will be in the future, a hopeful sign for the better world.

Thank you.

Mr. HAWKINS. Thank you. Mr. Benitez' views are seconded by the Chair.

We want to thank each and every one of you.

The next witness is Dan Newman of the Montana State Community Action Office.

STATEMENT OF DAN NEWMAN OF THE MONTANA STATE COMMUNITY ACTION OFFICE

Mr. NEWMAN. The hour is late. I feel a little bit like the cartoon depicted of the gentleman coming home obviously having drunk his fill at the local tavern, the front door of his home is open and his wife to greet him in the early hours of the morning, standing with a rolling pin on the stairway, the Moon showing over his head and his comment was that he thinks the best thing to do is to divert from the prepared text and to receive question from the floor.

In that effort I am going to divert from the prepared text today, gentlemen, and try to bring very briefly some other relevancies to the OEO Act as we see them from a State's eye view.

You have listened from the Community Action Agency standpoint and we heartily endorse all of the testimony but from a State's eye view we see some areas that have been missed in this testimony today.

The State economic opportunity offices were created with the first act in 1964. They were created very simply with very simple words by the Congress, saying that we should provide technical assistance to Community Action agencies and that we should be the voice of the poor in the State government.

Mr. Chairman, I would like to submit to you that in Montana we believed the Congress and we tried to do that. We tried to do it in many ways, first, by turning the entire control of the work in that office over to the poor of our State. The poor elected a policy advisory board that hires every one who is in our office. Further, we have placed them on 18 of our 23 major agency boards in the State of Montana. They must come through the Democratic process of being elected by a low-income organization.

We have helped provide the technical assistance and the organization necessary to start 46 low-income groups in 56 counties.

The low-income people themselves have been involved in the decisionmaking processes where they have challenged the legislature in our State successfully as to the method of taxation that was going to be brought about there.

In a third order session 2 years ago, when the legislature suggested that the State should raise revenue by imposing a sales tax on low-income persons, people on our policy advisory board spoke. The low-income groups throughout the State circulated petitions and gathered enough signatures that could have repealed that kind of an act but they did not come to the legislature in a bullish manner. They came, asking for democracy. They presented these petitions to the legislature and asked that they hold off on this sales tax and place it before the State and ask for a vote of the people. They were right in that decision as they had been about many decisions.

The State rejected that sales tax 3 to 1. They instituted a raise in our State income tax on a graduated schedule over a 40-percent surtax. Again this is because we believed in the act as it was passed by Congress.

I think it demonstrates what can happen in a State when low-income people actually have participation in State government.

We still believe, Mr. Chairman, the Economic Opportunity Act. An example of some of the things that it can do on a State basis that could not be done by another agency, I would use an example of two Indian reservations, the Northern Cheyenne and the Crow. Our boards of education, our school systems in Montana, the Office of Education in Washington, all documented the fact that on these two Indian reservations encompassing 11 school districts, that the average 8th grade graduate was 3.8-grade levels behind the rest of the State. They substantiated this fact but they did not have an answer.

The answer was always, well, that is how it is. OEO looked at the situation under our office and we thought maybe there was an answer. There were 283 teachers teaching in those two reservations in those 11 school districts. Three of the teachers were Indian. The three Indian teachers were from South Dakota. They are Sioux. None of those three spoke either Northern Cheyenne or Crow. The rest of the teachers were predominantly from our university systems, the fine, sweet young things from Carole College placed in that system to teach reading to first-grade Cheyenne girls who spoke no other language than Cheyenne.

It just did not work, Mr. Chairman. We instituted a program of on the job training for teachers. We did that unheard of thing of asking all of the communities to get together and hold a town meeting and to nominate somebody who they thought would make a good teacher.

Our system of education, of course, knows that this will not work; 60 people were recruited. We got a flying service in Billings, Mont., to fly instructors in the evening to the location because the distance was some 150 miles from our nearest unit of higher education. The candidates to become teachers worked in the classroom on-the-job-training during the day, took classes in the evening. They ranged in educational background from a third grade graduate to one person with 1 year of college.

Three years later four of them have graduated from the university system in Montana and 51 of the original 60 still remain in the system. Within 2 years we anticipate in excess of 47 or 48 will graduate as certificated teachers without having to attend college 1 day. They will bring that benefit back to their reservation that they understand the language that the children speak when they enter the first grade.

This is the type of innovation that we need. This is the type of innovation that I do not believe another Government agency can do.

This is the type of innovation that we know is difficult to do on a State level. It is for these kinds of things that a Governor is extremely interested in seeing the continuation of an agency as OEO.

By the administration's own action 2 years ago, they said we have to take a new direction. The President talked about the new federalism. They innovated what they call their technical assistance programs under title 2 of the Economic Opportunity Act. They said it represents a new innovative way for community action.

These programs are now being abandoned by the administration. I speak specifically of the OEO technical assistance program to State and local government which attempts to assure the successful evolution of a federally stimulated local institution into a solidly established organization with many strong local roots. I speak of everything OEO has done in an innovative way during the last 2 years to help Community Action agencies achieve the strength and local support necessary to assure not only their survival, but the continued growth of their activity on behalf of the poor.

These are good things that OEO has managed to do in the last couple of years and now they, too, are being abandoned. I think it should be noted that, while we sit here today, while we talk about the continuation of OEO, while I sit before you talking about the needs from a Governor's standpoint and you have listened to mayors and Community Action Agency directors, we have just a few short blocks away, a gentleman who is dismantling OEO, who is dismantling it by this very minute.

Since 8:15 this morning an entire section, while we sat here, has been wiped out of OEO. State and local government has completely been replaced. It is, in our opinion, an effort to dismantle it to such a degree that even if the Congress should act, there would not be an agency left to fund. These are the concerns we have on the State level, Mr. Chairman. These are some of the things that we hope you will give your immediate attention to.

I apologize for diverting completely from my prepared text but these are a couple of areas and programs that have not been covered by the prior testimony. I hope they will benefit the Congress because those of us at home, those of us in the States with the local Community Action Agency system believe in the Economic Opportunity Act. We still believe in the wisdom of Congress when they said that the poor should have some say in their own destiny.

By doing that, we believe the poor will best be served.

Thank you very much.

Mr. HAWKINS. Thank you, Mr. Newman. I think you have made some very good points. I think you have accommodated the committee by not only being brief but by covering some points that have not been covered. Your prepared text will be in the record in its entirety.

[The documents referred to follow:]

OFFICE OF ECONOMIC OPPORTUNITY,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, D.C.

Memorandum to : Phillip V. Sanchez, D.

Thru : Roy E. Batchelor, O.

Subject : Accomplishments to Date in the NLC Human Resources Project.

Enclosed are (1) a progress report from the National League of Cities Intergovernmental Resources Liaison Project for the eight-month period, January-August, 1972, and (2) a final report from the New England Municipal Center, one of the NLC's delegate agencies under this project.

OEO awarded this \$496,000 grant to the National League of Cities in January 1972 to develop a human resources capability in ten-state municipal leagues over a two-year period. Since the beginning of this project, five additional state municipal leagues have been asked to participate, bringing the total number of participating state municipal leagues to fifteen, as follows : California, Kansas, Maine, Michigan, Missouri, Ohio, Oregon, Pennsylvania, Texas, Idaho, Montana, Washington, Arizona, Connecticut, and Florida.

You may recall that OEO's primary goal in awarding this grant has been to develop more effective relationships between Community Action Agencies and local governments, and thereby help CAAs become strong, viable institutions in their communities. The assumption underlying this goal is that the National League of Cities and the participating State Municipal Leagues can intervene and use their leverage to promote, foster or effect attitudinal and institutional change among their constituent cities and thus ameliorate relationships between CAAs and local governments. This assumption is also implied in the current OEO national strategy to increase public and private sector support for community action.

In general, the participating State Municipal Leagues have hired a Human Resources Coordinator whose job is to help members of local governments take part in the planning and promotion of human resources programs for the benefit of the poor and needy. The participating State Leagues are exploring and demonstrating methods of assisting all member cities and villages to play an enhanced role in the planning and promotion of human resources programs and in the solution of "people" problems in general. While one project objective is to improve relationships between municipal governments and the Community Action Agency, it is also recognized that in most states, many different public and private agencies are engaged in human-resource-oriented activities, and that a more encompassing objective is to establish a better network of relationships among *all* these agencies.

While it is still early in the project, results described in the attached reports indicate prospects of yielding enormous benefits for the poor in many communities across the nation. At a time when decentralization and decategorization of federal resources are manifesting in many exciting and unique intergovernmental developments at the local level, this project is helping local officials redirect existing resources toward the poor. In this respect, the NLC project is one of OEO's most significant and far-ranging developments in the whole human resources field.

Put in the simplest terms the NLC grant is shaping and integrating the local will to be responsive to the needs of the poor in their communities. It is training and orienting CAAs about the realities of local government decision-making and service delivery, and the roles CAAs might play in collaboration with local government officials under revenue sharing. The project is also educating local elected officials about the needs of the poor and the social well-being of their communities and laying open the potentialities of CAAs as a valuable and credible resource for the coordination and delivery of services. And finally, the project is finding many opportunities for joint CAA/local government programs in the use of federal, state, and other financial and human resources for more productive enterprises on behalf of the poor.

For example, in Maine a Human Resources Advisory Committee was established consisting of CAA Directors and municipal officials. In recent weeks, municipal officials joined forces with CAP Directors, as the Maine Municipal Association acquired membership in the Maine CAP Directors Association. In the recent Convention of the Maine Municipal Association, the Human Resources Coordinator brought together State health and welfare officials, CAP Directors and municipal officials to discuss the advent of model welfare guidelines which the Human Resources Advisory Committee helped formulate. At that convention CAP Directors participated in discussions on how to implement those guidelines for the maximum benefit of the poor, as well as, discussions on revenue sharing, welfare reform, legal assistance and other related issues. In an unprecedented move, the CAP Directors were invited to attend the annual business meeting of the Welfare Directors Association, and by their general participation at the convention, they won the favorable opinion of local officials and enhanced their credibility throughout the state.

In Kansas, the Human Resources Coordinator has arranged to bring together key officials at the state and local levels of government for the purpose of unifying social service efforts in Kansas. One such meeting was held to set up a state-wide association for human relations commissions. Another meeting was designed to coordinate the efforts of all the social service agencies in one rural county. In addition to these meetings, the Human Resources Coordinator regularly holds rural development seminars which are hosted by various CAAs.

In Ohio, the Human Resources Coordinator has conducted meetings to bring City, County and CAA officials together to discuss community problems and exchange ideas. One result of such activity was the policy established by the Ohio

State Training and Technical Assistance Council to invite city and county officials to CAA training activities on a routine basis.

In Missouri, the Human Resources Coordinator initiated an analysis of the state Welfare Plan. Meeting with the Welfare officials, the Missouri Human Resources Coordinator discussed the Welfare Department's legislative and financial problems, the nature of their caseload and the ways in which the Missouri League could assist the Welfare Department in providing improved payments and supportive services.

In Pennsylvania, the Human Resources Coordinator is looking beyond the program and project development aspects of the human resources development responsibilities of its member cities to the new intergovernmental and inter-regional alignments of power and influence implicit in these activities which local general governments must now be acutely cognizant of and prepared to deal with.

These are just some indications of the attitudinal and institutional changes taking place at the local government level as a result of this grant. They serve to demonstrate that the Public Interest Groups can indeed stimulate a better focusing of all available local, state, private and federal resources upon the goal of enabling low-income families to become more fully self-sufficient. I think this grant may prove to be one of the most significant projects I've worked with in my three years in OEO.

JOHN CRUTCHER,
*Division of State & Local Government,
Office of Operations.*

Enclosures :

NLC/USCM INTERGOVERNMENTAL HUMAN RESOURCES LIAISON PROJECT

PROGRESS REPORT

During the past 8 months, the National League of Cities-U.S. Conference of Mayors has proceeded to implement a demonstration human resources project, to the end of providing selected state municipal leagues the staff capacity to assist their member cities in developing effective human resources programs for the present OEO constituency. While delays in the release of the grant from OEO—and the need to acquire state governor's approval for each participating state municipal league—reduced the first program year for the NLC-USCM Intergovernmental Human Resources Project by several months, the basic steps of the initial program year are completed or underway. A project Coordination Unit comprised of a senior staff supervisor, a project director, a program assistant, and a secretary has been formed at NLC-USCM headquarters in Washington. Fifteen state municipal leagues have subcontracted to participate in the project. Encompassed as subcontractees are the following organizations:

- League of Arizona Cities and Towns
- League of California Cities
- Connecticut Conference of Mayors
- Florida League of Cities
- Association of Idaho Cities
- League of Kansas Municipalities
- Maine Municipal Association
- Michigan Municipal League
- Missouri Municipal League
- Montana League of Cities and Towns
- Ohio Municipal League
- League of Oregon Cities
- Pennsylvania League of Cities
- Texas Municipal League
- Association of Washington Cities

In addition, the New England Municipal Center is also performing a special summer effort under this project, exploring the relations between community action agencies, model cities and manpower programs.

The NLC-USCM Project Coordination Unit

The work of the state league directors has been facilitated by the activities of the project coordination unit in Washington. This unit has worked with the participating leagues and OEO to develop state league work programs, to implement the programs and has basic responsibility for project administration and

providing assistance and guidance to the state leagues to insure accomplishment of the project objectives.

Two training and review sessions for state league staffs have been sponsored, one in Washington in April, the second in Missouri in July. A third will be held in October, just prior to the end of the first program year. These sessions have been designed to orient the state league staffs to the program areas they must deal with, to discuss special problem areas, and to review activities to date. A variety of federal, state and local officials have served as resources for these meetings.

The Project Coordination Unit staff has made site visits to state league headquarters and also provides monthly mailings to keep the coordinators aware of the status of current and pending national legislation, and of administration actions which affect human resource development. Contacts have been established with federal officials, especially in OEO and HEW, and these sources have been utilized in handling numerous information and assistance needs of the state leagues. In addition, these contacts have given NLC and agency personnel a chance to express their points of view to one another.

Synopsis of State League Program Activities

Despite the brief program year, the project is well under way with a base established upon which to build towards the accomplishment of the original project goals. The participating state leagues have accomplished a common set of coordinative and educational functions.

On the coordinative side, the following activities have taken place:

1. Contacts have been established with the regional offices of federal agencies, particularly, OEO, HEW, and HUD. At least two (Pennsylvania and California) of the project coordinators have met with the Federal Regional Councils to provide a briefing on project activities.
2. Contacts have been established with Model Cities staff where applicable.
3. Contacts have been established with local governing officials. In the cases of Florida, Oregon, Texas, and Pennsylvania the human resources coordinators have made extensive tours of their states interviewing municipal officials, citizens, and the human resource agency staff.
4. The California, Idaho, Kansas, Maine, Michigan, Missouri, Montana, Ohio, Pennsylvania, and Texas Leagues have established Human Resources Advisory Committees drawing memberships from elected officials, state league personnel, municipal human resources staffs, CAP staff personnel and Board members, and representatives of relevant state agencies. These committees are beginning to serve both coordinative and policy development functions.
5. Working relationships have been established with CAPS and with SEOOs. This has been achieved through individual visits to CAP agencies, participation in statewide CAP Directors Associations and CAP personnel participation in state league activities. The Maine, Missouri, and Idaho programs are especially strong in this regard, as will be discussed later on.
6. Linkages have been established between CAA personnel and local governmental officials via training workshops, seminars, and human resource advisory panels. In some instances, arrangements are being developed whereby CAPs will assume certain social planning and grantsman functions on behalf of local governments. The Ohio program, which involves a series of 8 area committees comprised of local government officials and CAP officials, is one example of how this is being done. In many cases the efforts of this project are bringing local officials and CAP staff together in meaningful dialogue for the first time.
7. Linkages have been established between local government and federal agencies in each given region. This has been done both through conferences and through direct contacts undertaken by the human resources coordinators. The Kansas League Human Resources Coordinator, for example, has acted as a go-between local officials and HUD administrators, for purposes of obtaining neighborhood facilities grants. The Pennsylvania League Human Resources Coordinator has been responsible for tying an HEW Allied Services demonstration project into his work with Pennsylvania municipalities.
8. The advisory panels and seminars described above are partly aimed at augmenting local capacity which is sorely lacking at the present time. With the knowledge and instruments gained through state league activities, local officials will be given both the information and the forum to play a more effective part in the process of developing analytical policy statements.

From the standpoint of educational activities, the state league programs have accomplished the following:

1. Informational materials describing the role of CAPs in the community have been directed to local officials. The vehicles for this have been special human resources bulletins (Maine and Connecticut); regular accounts of human resource activities in state league journals and newsletters (Montana, Michigan, Kansas, Idaho, Ohio, Missouri), and special informational brochures. A brochure prepared by the Missouri League has, in fact, been reprinted by OEO for nationwide dissemination.

2. Programs have been set up to educate CAA personnel with regard to the processes and problems of local government. Several modes are used to do this. In most cases, this goal has been furthered as an adjunct to advisory committee meetings, continuous informal contacts, and regional strategy sessions (Ohio and Pennsylvania). All of these mechanisms have, in their initial states, served as valuable training grounds. Missouri conducts a more formalized effort in this respect, as the human resources director attends all meetings of the Missouri Association of CAP directors, and has oriented them to a whole gamut of concerns, local governmental processes, state plans, pending state and federal legislation, existing federal programs, etc.

3. Means have been established to inform local officials, CAA's, etc. of state and federal human resources programs, to increase awareness of what resources are available and how to obtain them. The Idaho League, for example, is working with OEO and Boise State College to set up a course in grantsmanship. The Connecticut League, which conducts ongoing analyses of the state budget for its members, is now making this data available to CAPs. State and federal program managers have been invited to participate in the seminars and training sessions that have taken place.

INDIVIDUAL PROJECT ACTIVITIES

Despite the similarities in program activities, significant differences of emphasis are apparent, for in examining the individual program summaries, it will be found that the Human Resources Project Directors have, in some cases, focused on one of two alternatives—either to build up the working relations between CAPs and local governments, or to concentrate on developing the human resource capacity of municipal institutions. That is to say, a particular project will be oriented either toward relating with CAPs or toward developing the capacities of municipal governments in the network of intergovernmental relations.

Neither approach, of course, is more worthy than the other. Everything depends on local conditions: the viability and effectiveness of the CAAs, the relative capacities—and will to act—of municipal authorities, and the roles that the various institutions have assumed.

The state leagues whose activities can be characterized as intergovernmental in orientation are those of Pennsylvania, California, Texas, and Oregon; the CAP orientation has been selected in Maine, Idaho, Ohio, Montana, and Kansas; and Missouri and Michigan offer examples of approaches which are balanced between the two emphases. (The Connecticut, Florida, and Washington leagues have just started their operations, so no project activities have been recorded. Following is a synopsis of the individual project activities which are unique to each project, as opposed to functions that have been undertaken in common.

The Intergovernmental Approach

(1) *Pennsylvania*

Joe Barr, HRD Coordinator for Pennsylvania, has a particular interest in the new intergovernmental and inter-regional alignments of power and influence, and has worked to make local governments aware of these developments and prepared to deal with them. As an upshot of this, Mr. Barr has been challenging local governmental officials to examine critically the adequacy of their internal functions and external relationships. The implicit philosophical foundation of this *modus operandi* is that local governments should be in a position to play the leading role in human resource development, since municipal governments are better attuned to local conditions and better equipped to profit from the OEO experience in community participation. Thus, Mr. Barr's efforts are geared to the task of prodding local officials into undertaking expanded commitments, to educate them to federal programs and state planning processes, and to establish the necessary linkages among the different levels of government so that municipalities may have a more significant impact on the determination of priorities

and the operation of programs. The key elements of Mr. Barr's program can be summarized as follows:

a. *Regional Work Shops and Policy Sessions* in which the key factors are local government (including county) officials, working in liaison with OAP directors, regional planners, multi-county planning and development council officials, and State Communities Affairs Regional Office Director.

b. *A state-wide Seminar* of more general composition directed mainly toward linking locally oriented actors with federal OEO personnel, the SEOO, and the Federal Regional Council.

c. *Target Communities* within each region have been designated, beginning with the eleven-county Northwest Region as a prime area of concentration.

d. *Enlistment of the Department of Community Affairs* and the Federal Regional Council in structuring of local community strategies.

e. *State Plan Impacting*, utilizing regional mechanisms in addition to a cumulative city by city approach for purposes of affecting the state planning processes.

The Pennsylvania program does not, however, preclude a strong working relationship with the OAAs. In fact, the Pennsylvania League Human Resources Coordinator was instrumental in mustering statewide CAP resources for purposes of flood relief. But CAP does not play a necessary role in the intergovernmental approach, for the rationale of this type of effort is to institutionalize an active municipal role in human resources so that services will continue to be delivered irrespective of the fate of other institutions. If CAP survives, it will be supported as a worthwhile part of the intergovernmental network. But if it dies, this approach attempts to insure that CAP concepts and the CAP experience become imbedded in local institutions rather than passing away.

(2) *California*

While the Pennsylvania League has chosen to focus on institution building, the California League has taken a more programmatic attack. That is to say, the effort is not so much directed at changing municipal institutions—which are already quite progressive—as it is at augmenting the capacities of municipalities to handle programs effectively. This ties into social planning, since the current delivery of human resource programs suffer from unsystematic administration. The California HRD Director is, therefore, investigating the few cities that do have adequate social planning mechanisms to the end of passing the experiences on to other localities. As part of this technical assistance function, general programs—involving Regional OEO personnel and municipal social planners—have been conducted. In addition, a state-wide system, related to state plans and budgets is being developed to give cities coherent information on human resources developments at the state level. The annual League Conference in October, moreover, will be oriented towards the problems of the poor, covering the topics of consumer protection, aging, and youth.

One particular interest of the California League has been in the area of child care. Working with the California Institute for Self-Government, the California League has been involved in all aspects of the child-care issue: administrative and political concerns within the state as well as analyses of delivery systems. The League has, in addition, worked closely with the HEW office of Child Development in devising and promulgating a set of model standards for child-care licensing. This effort has culminated in an in-depth municipal policy statement on Child Development which corresponds to a similar effort with regard to Senior Citizens programs.

(3) *Texas*

The goals of the Texas program are two-fold:

(a) Providing assistance to municipal government to improve their capacity to deal with human resource programs.

(b) Upgrading the capacity of cities to improve the delivery of social services to Texas urban citizens who live below the poverty level.

With respect to the first goal, the Texas League has conducted a comprehensive study of a cross-section of Texas cities (22 cities) involving in-depth interviews with 260 officials and citizens. The study was aimed at answering the following questions:

(a) How concerned are municipal officials with human resource problems? Is there a will to act at the local level?

(b) What types of fiscal resource problems exist?

(c) What institutional problems exist? What is the status of intergovernmental relations between municipal officials, state government and the federal bureaucracy?

(d) Is there proper awareness of state and federal programs?

Concomitant with the formal work program, the Human Resources Project has also become closely involved in monitoring and evaluating Public Employment (EEA) and Manpower Planning programs in Texas cities. This activity was generated in response to an identified need to pinpoint problems and issues in both programs and to develop a coordinated policy position for cities engaged in manpower planning and city EEA program agents. The resulting report concluded that cities are generally delighted with the EEA program, and with the Labor Department's handling of it. Several recommendations, however, were given for improving efficiency and enhancing long-term effectiveness. Additionally, several papers are being prepared on background issues and on federal programs of interest to cities.

(4) Oregon

Like the preceding projects, the Oregon program is geared to strengthening the response of city government to the needs of low income citizens. Among the special undertakings which have been initiated are the following:

(a) Discussions with municipal officials conducted in the course of field consultations with mayors and councilmen in all 235 Oregon cities, leading to a reduction on the sewer and water assessments of the aged poor.

(b) The preparation and publication by the Bureau of Governmental Research of a report on housing, income, and population characteristics of Oregon cities.

(c) The preparation by the Oregon Local Government Personnel Institute of special studies on placement and training of low income persons in city government.

(d) The documentation of existing city human resource programs and the publication of analytical articles in the *League News Letter* and *Western City Magazine* summarizing human resource programs in Oregon.

(e) Technical assistance efforts to help city officials identify human resource problems, including utilization of census materials to locate poverty areas in the various communities.

CAP ORIENTED PROGRAMS

(1) Idaho

The situation in Idaho is such that the Community Action Agencies are the only institutions that have any expertise in social planning, grant writing, and resource mobilization. The Idaho HRD Coordinator, therefore, has sought to insure the future of CAPs under revenue sharing by utilizing their talents—particularly in the area of grant writing—in the service of municipal governments, which are deficient in technical expertise. One current project conducted by the League concerns a grant writing course, conducted in conjunction with Boise State University which uses CAA personnel as a primary resource. The Idaho League considers this a first step in altering the role of CAAs and thus insuring their existence. One of the major problems has been in convincing CAPs of the necessity for changing some of their roles, but headway has gradually been made. Mr. Dennis Pratt, the Idaho HRD Coordinator, quite forcefully states that he considers his major goal to be the continuation of CAP, because without CAP, the human resource effort in Idaho would collapse.

(2) Maine

The Maine program perhaps provides the most imaginative example of a strong involvement with Community Action Agencies. The Human Resources Director for the Maine Municipal Association has chosen the facilities of Mainecap, Inc.—the association of the Maine CAP directors—as a base of operations. He has utilized Mainecap-sponsored seminars to alert local officials to opportunities available under the Emergency Employment Act and to new developments in the area of Social Security and public welfare. In addition, he has worked to stimulate the involvement of local officials on CAP boards with a view toward educating them on how they can use the CAP apparatus as the social planning arm of municipal government. On the other side of the coin, the Coordinator is seeking to aid the CAPs in taking advantage of the political leverage which municipal governments can exert on behalf of the CAP constituencies. In short, the CAPs

are offering the municipalities technical expertise in the area of programs and social planning, and the municipalities are offering the CAPs political support vis-a-vis the state legislature and state social welfare agencies. Owing to the first year success of the Maine Association's efforts, the second-year program will shift more in the direction of inter-governmental relations and the augmentation of municipal capacities, with CAPs playing a stronger role in the processes than they have hitherto played.

(3) *Ohio*

Utilization of CAAs in developing strategies on a regional basis has constituted the emphasis of the Ohio project. Eight Area Coordinating Committees (ACC) have been organized, consisting of 32 municipal staff members and 21 human resources consultants from Ohio CAAs. The ACC members meet in a formalized setting bi-monthly to analyze state budget, exchange information on federal programs and discuss CAA activities as they relate to municipal government. The Ohio League has been especially active in working to publicize the role of CAPs in communities, as three major articles on CAP have appeared in *Ohio Cities and Villages*, the League's magazine. Moreover, special arrangements for legal research have been made with the Chief Counsel for the Ohio Municipal League in order to explore possible municipal-CAA relationships, and to determine whether or not certain types of cooperation and intermeshing of functions may be constrained under Ohio Statutes.

(4) *Montana*

The conditions obtaining in Montana are similar to those in Idaho, but different complexities exist. Since the Montana CAPs have often suffered from antagonistic relations with local governments, the Montana HRD Director has been devoting a relatively large portion of his time to proselytizing CAA staff to assume collaborative roles vis-a-vis local officials, and in convincing local officials to cast off some of their prejudices against CAPs. As a basis for this effort, the Montana League began by conducting a survey of how local officials view CAPs, in order to identify specific problem areas and to focus attention accordingly. This person-to-person endeavor has been supplemented by dissemination of an informational essay describing the activity of all federal and state human resource agencies in Montana—with special attention on Community Action Agencies.

(5) *Kansas*

The Kansas League has not only concerned itself with the politics of local governmental relations with CAAs, but has also provided technical assistance to CAPs, as well as to localities. A human resources newsletter, outlining programs relevant to Kansas, is sent out to all localities and CAAs, and the Human Resources Coordinator has served to provide liaison between CAAs and the regional offices of HEW and HUD in Kansas City. CAAs, moreover, have been invited to send special inquiries to the Kansas League, thus drawing on the League for technical assistance. At first responses were slow, owing to a certain degree of distrust, but the volume of inquiries has become progressively larger. A variety of requests are now being made concerning matters from housing to setting up a council for the aging. The League's HRD Director is in the process of working with several CAAs in designing a work program for an OEO pre-revenue sharing demonstration grant and a youth-in-government program. The HRD Director is providing information in the area of economic development. All of this is being tied into the development of a human resources training package directed primarily at local government officials and CAA personnel. This package is being put together in conjunction with the Kansas University Community Development Center.

Balanced Programs

(1) *Missouri*

The Missouri project has struck a middle ground between the two emphases outlined above. The entire League Staff has been involved in the oversight of state plans and state human resource legislation. The League Director and his

staff are being continuously briefed on significant state and federal human resources legislation, and this information is passed down to the membership via regional meetings. The goal of this is to foster more political sophistication among local officials and to enable them to generate more political leverage in the state capitol. The League's Human Resources Coordinator—working closely with the Missouri CAP Director's Association—has also made the CAPs an integral component of the project. Informational material has been disseminated to alert local governments how they can use the services offered through CAPs to augment municipal service delivery. CAA directors have participated in all the League's Regional Community Development Panel discussions, and the SEOO and CAA Directors' Association have submitted a statement of goals for presentation to the League's Human Resource Development Standing Committee.

(2) Michigan

The Michigan HRD project established liaison with CAAs at an early state when four CAP directors helped develop the work program. The League determined, however, that although the CAP dimension should be significant aspect of the project, it cannot be exclusive or dominant.

Discussions among staff and CAA personnel led to the collective judgment that the responsibility for providing human services in Michigan is so dispersed that cooperation and coordination are almost non-existent. Thus, the dominant goal of the project is to search out techniques and organizational structures on a statewide basis that might alleviate this institutional problem; the current relations between CAAs and local governments is one aspect of the overall effort.

The mechanisms for improving coordination are as follows:

- a. Establishment of a Michigan Municipal League Information Clearinghouse and Training Center for local government human resources development.
- b. Utilization of a broadly representative Human Resources Coordination Committee as a prime coordinative vehicle.
- c. Development of a training program for orienting local officials on human resource concern.
- d. Devise programs for CAA staffs on local government structure, organization and powers in cooperation with CAP Directors and Chairmen Associations.

Problems

The project experience so far has not been without its problems. Among the problems identified in the operation of the project have been the following:

(1) The broadness of the mandate left the human resource coordinators initially overwhelmed. During the early months the coordinators floundered somewhat in trying to grasp how they could specifically tackle the problem. Through selection of much more limited project goals, suitable to the individual state, the directors seem to have overcome this problem.

(2) Traditional antagonisms and suspicions between cities and CAAs created suspicion of the league on the part of the CAAs. This problem still lingers in some states but has been worked out fairly well in other states, especially Missouri and Maine, through diligent service efforts on the part of the human resources coordinator.

(3) Suspicion on the part of the SEOOs towards the project. Again this problem lingers in some states, but has been resolved in several through the diligent efforts of the coordinators. We are encouraging all of the coordinators to work more closely with the SEOOs to resolve any continuing doubts.

Conclusions to Date

Despite the problems of the first few months and the fact that the experiences are incomplete, even at this stage in the project we see the development of a new network of relationships and understanding between municipal officials and Community Action Agency staff. State leagues are involving, in many cases for the first time, in their daily operations at the staff and policy committee level a new breed of city activist who is not an elected or appointed local government official but does provide service to citizens. The very nature of state municipal league operations is being changed.

CAA-LOCAL GOVERNMENT RELATIONSHIPS: OPPORTUNITIES FOR CHANGE

OCTOBER 1972

A new England Municipal Center report submitted to the National League of Cities/U.S. Conference of Mayors Intergovernmental Liaison Human Resources Project. Program support was provided in part by the Office of Economic Opportunity for this report.

A New England Municipal Center Report submitted to the NLC/USCM Intergovernmental Human Resources Project. Program support was provided in part by the Office of Economic Opportunity. NEMC, a program of the New England Regional Commission, is sponsored by the Connecticut Conference of Mayors, Maine Municipal Association, Massachusetts League of Cities and Towns, New Hampshire Municipal Association, Rhode Island League of Cities and Towns, and the Vermont League of Cities and Towns.

NEW ENGLAND MUNICIPAL CENTER, DURHAM, N.H.

LETTER OF TRANSMITTAL

This report was prepared by the New England Municipal Center under contract with the National League of Cities/U.S. Conference of Mayors as part of their Intergovernmental Human Resources Liaison Project supported by the Office of Economic Opportunity.

The three-month NEMC project had the following program objectives:

(1) Development of information on existing relationships between community action agencies and municipal governments and community action agencies and model cities agencies in New England;

(2) Development of a series of recommendations on how these relationships might be strengthened for improved delivery of services; and

(3) Development of related information for use by NEMC and the six New England state leagues of cities and towns in a follow-up training program to be conducted in cooperation with the Region I OEO office.

NEMC, a program of the New England Regional Commission, is sponsored by the Connecticut Conference of Mayors, Maine Municipal Association, Massachusetts League of Cities and Towns, New Hampshire Municipal Association, Rhode Island League of Cities and Towns, and the Vermont League of Cities and Towns.

Mr. Irvine W. Marsters, NEMC Senior Staff Associate, had primary responsibility for the preparation of this report. He was assisted by Ms. Linda Mercadante, a NEMC summer intern. Ms. Elaine Gardner and Ms. Sue Scott were responsible for the typing and printing of the final report.

Respectfully submitted.

KARL A. VAN ASSELT, *Executive Director.*

SECTION I.—INTRODUCTION

The basic objective of the NEMC twelve-week intergovernmental human resources project was to provide the basis for a regional action program as follow-up to the Local Government Orientation Seminar conducted for the Region I OEO staff in April, 1972. The seminar generated interest among the Region I OEO office staff and SEOO (State Economic Opportunity Officer) and CAA (Community Action Agency) representatives for similar programs in each of the six New England states. There was agreement that a regional action program could help improve CAA/local government relationships. The consensus was that if local government officials and CAA personnel were more informed about each others agencies and programs, constraints and limitations, program priorities and decision-making processes, the opportunities for joint and complimentary local government/CAA programs would be increased.

The seminar participants identified the need to describe for CAA personnel the potential for local government as delivery system of people-oriented service. These include both traditional and new and emerging services. CAAs need to understand the system of financing local government services, the structure of

local government and the local government decision-making process, including appropriate points for CAAs to influence municipal decisions. Similar information for municipal officials is needed on CAAs, including their structure, organization and staff, current and future financing, decision-making processes and examples of their delivery system of services and results with clientele groups.

The project was conceived with three specific objectives:

- (1) To conduct a regional survey of the existing relationships among local government, model cities agencies, and CAA in New England;
- (2) To prepare a summary of findings and recommendations on the existing relationships and to identify the potential interest in new and improved relationships; and
- (3) To develop the appropriate design and materials for use in a series of seminars to bring together local government and CAA officials for discussion about existing and potential relationships.

The methodology used included (a) survey questionnaires, (b) on-site investigations in selected communities, (c) discussions with regional and state anti-poverty agency officials, and (d) staff research. Questionnaires were completed by local government, model cities, and CAA officials from throughout the region. Summaries of the questionnaire returns, the on-site investigations and the findings and recommendations are included in this report. Additional materials developed are intended for use in the follow-up seminars and are not included in the report.

The investigation found that local government, model cities and CAA officials lack a basic understanding of each others priorities, programs, and potentials. Contributing most to this condition has been the absence of opportunities for these officials to come together in a structured program that would facilitate a better understanding of each others programs. Opportunities for joint programs are not being realized because of a lack of understanding and the absence of a continuing communications vehicle. Despite these two deficiencies, there is evidence that the officials involved genuinely desire to bridge the gap in existing relationships and unrealized potentials. The need exists for regional-based organizations to facilitate an information sharing program among local government, model cities, and CAA officials.

More specifically, the project identified the following needs:

- (1) The need for a series of state seminars for local government, model cities, and CAA officials to meet and candidly discuss their respective priorities, programs, and potentials, existing relationships, and strategies for improving upon their present relations to better realize the potentials of joint efforts;
- (2) The need for technical assistance in supporting the efforts of these officials to institute vehicles for improving communications and joint efforts; and
- (3) The need for support to facilitate information and experience exchange with their counterparts in other sections of the region so that organizations can benefit from experience elsewhere rather than relying on separate trial and error methods.

It is hoped that this report will help local government, model cities, and CAA officials better understand how to utilize the assets and capabilities of each other to address anti-poverty program objectives.

SECTION II.—FINDINGS AND RECOMMENDATIONS

A. CAA/LOCAL GOVERNMENT RELATIONSHIPS

I. Finding.—There is a major credibility gap between local government and community action agencies (CAAs). Credibility is defined as the extent to which one believes the other is genuinely concerned about and can produce results in relation to existing needs. The credibility gap has resulted in confusion, misunderstanding and negative relationships which are often more personality than program based. The quality and attitude of the respective administrative staffs are critical to bridging the gap.

Recommendation.—Local government and CAA officials can improve their respective credibility with each other by improving upon the quality and quantity of their personal contacts and program efforts. The staff efforts need honest evaluation, and the evaluation results need to be communicated and understood throughout the respective organizations. More frequent contacts between top administrative personnel and staff members is an important step toward improvement.

II. Finding.—Many municipal officials feel that CAAs are not held adequately accountable for the use of their financial and staff resources—for the quality of their staffing and services, the use of their financial resources, and their representation of the poor. There is a difference of opinion as to where responsibility for accountability should lie, e.g., to local government, to a state agency or at the federal or regional OEO level.

Recommendation.—The nature and extent of program evaluation and results of CAA activities needs to be better communicated to local officials. The lack of accountability, where it exists, must be addressed. More broad-based and intensive evaluation of a positive nature is needed, and in some cases has been requested by CAAs themselves.

III. Finding.—Local government and CAA personnel lack a genuine interest and involvement in each others' activities. A major by-product of this is the absence of a real sensitivity (as well as visibility) to goals and objectives which results in misinformation about their respective activities and misinterpretation of motives.

Recommendation.—Local governments should better utilize their opportunity to participate in CAA activities, including Board meetings and discussions with low income representatives. CAA Board and staff members should regularly attend selectmen and city council sessions and participate in other public meetings such as town meetings, planning and budget hearings, advisory committee meetings, and program development discussions.

IV. Finding.—Local government and CAA staff members are not well informed about the nature and extent of each others' programs. Particularly lacking is a perception of the services, functions, and priorities of their respective organizations and the potential for joint programs.

Recommendation.—Both local government and CAA staff members must take the initiative to better inform the other of their respective decision-making processes and programs in a positive framework that will stimulate discussions about joint efforts.

V. Finding.—Most municipal officials including top policy and administrative officials are not familiar with specific CAA programs and activities and how these activities can and do supplement or compliment local government services.

Recommendation.—CAAs and SEOOs need to better communicate the nature and extent of their programs which relate to municipal activities. Such an effort should be designed to help local government officials and citizens better understand specific CAA/OEO activities, e.g., how neighborhood youth corps employment in local government not only helps those employed but can help increase the quantity and/or quality of municipal services.

VI. Finding.—It is common for many local government officials (especially elected officials) on CAA Boards to designate an alternate representative. The designee is frequently a lay citizen (sometimes with a specific interest in the CAA), rather than another municipal official. The effect of appointing a designee not directly associated with the municipal government has been to reduce the contact between the local government and the CAA. Lack of regular attendance and participation by those municipal officials appointed and who chose not to designate a representative has a similar effect. Potentials for improved coordination and communication between the two are also sacrificed.

Recommendation.—Local elected and appointed officials should recognize the impact of appointing designees other than municipal officials or employees to CAA Boards, and should be acquainted with the positive potential of greater direct municipal government involvement on the CAA Board.

VII. Finding.—Local government officials serving on CAA Boards are not familiar with their roles and responsibilities. CAAs do little to help the municipal official better understand his role on the Board and how he can help bridge the gap between local government and the CAA. Also missing is an understanding of the official's role in reporting to and helping other local officials understand CAA priorities and activities.

Recommendation.—CAAs should make a concerted effort to better acquaint local government officials with their appropriate role and responsibilities as CAA Board members through orientation communications between the CAA and other local government personnel. One technique would be to have the CAA provide staff support in putting together a periodic newsletter from the local government official to other municipal personnel. The occasional newsletter's primary focus would be on what is happening with the CAA that municipal employees should know about—activities/proposed programs/issues. It would be distributed espe-

cially to elected municipal officials, chief administrative and department-head level officials (including education).

VIII. Finding.—CAA and local government officials have not looked to each other for involvement in the use of federal programs and other financial and human resources. As a result, many of their separate efforts have either been stymied or less productive than a joint effort might have been.

Recommendation.—CAA and local government officials need to come together on a sub-state basis to discuss their potential joint involvement in the use of federal funds and other financial and human resources. Revenue-sharing, the Rural Development Act, manpower programs, housing, health care, and others represent current need areas that lend themselves to joint efforts in identifying priority needs, setting local strategies, securing financing, delivering services, and evaluating results.

IX. Finding.—Many opportunities for joint CAA/local government programs are missed because of different funding cycles. This also inhibits coordination of joint programs. While local government and model cities agencies have a formal annual funding cycle, CAAs frequently have off-year funding and irregular program development schedules which result in uncertainty as to sustained and new funding.

Recommendation.—The annual municipal budgeting process provides an ideal focal point for joint planning and coordination among local government, model cities and CAA officials. The potential of expanding joint programs will be realized only to the extent that sustained and continuous funding is planned for CAA programs and a systematic method devised for joint program development in accord with the municipal budget process.

X. Finding.—The uncertain and irregular funding of CAA programs has contributed to a negative reaction among municipal officials about joint programs with CAAs. In some cases, local governments have been forced without prior planning to continue an existing service previously offered by the CAA when continuous funding was not available to or committed by the CAA. Without notice, local officials have sometimes been confronted with a choice between assuming unanticipated costs and delivery systems to continue a service versus eliminating the service to a group of citizens. This has occasioned serious reservations among some municipal officials about new CAA services and potential joint programs, i.e., municipal officials are concerned about the extent to which they will be forced without prior planning and agreement to assure CAA-initiated services.

Recommendation.—OEO and CAAs must carefully analyze past experience and the extent to which they have placed local government officials in the difficult position of assuming unplanned and unbudgeted services. Proper prior planning needs to be done before a service is initiated to: (1) assure review by local government during the regular budgeting process; (2) assess and communicate the intended impact of any short-term funding; and, (3) secure commitment as to the future financial involvement of local government.

XI. Finding.—There appears to be no organized effort to help CAAs facilitate communications with local government officials or among their own agencies. As a consequence CAAs are forced to develop their own communications and delivery mechanisms through trial and error methods and without the benefit of information and experience exchange with other CAAs.

Recommendation.—The regional OEO and SEOO agencies must play a greater role in facilitating information and experience exchange among CAAs, especially related to local government involvement in their activities, community relations and joint services programs. OEO and SEOOs should take the initiative to provide workshops, models, case studies, technical assistance, and professional development (through training, mobility and short-term job rotation) that meet the transferability and information needs of CAAs.

XII. Finding.—The existence of independent, federally-supported programs at the local level without local government control or consultation has produced a negative reaction among many municipal officials. Local officials are frustrated by their presumed responsibility and accountability for local activities and the absence of any real authority over or involvement with many of these activities. CAA programs represent one of the federally-supported programs over which municipal officials have little direct control.

Recommendation.—CAAs must undertake a more intensive effort to keep municipal officials informed and to solicit their participation, particularly in program planning stages. The potential and anticipated impact of CAA activities on municipal government and the community generally will thereby be better understood by local government and CAA officials.

XIII. Finding.—CAAs have a dim view of the future heavily colored by their perceptions about the anticipated use of revenue sharing and other federal efforts which are tending to decentralize and strengthen the role of local government officials in planning and decision-making. CAA and OEO officials remain cynical about this process in meeting poverty needs, i.e., unconvinced that local government officials will consciously utilize their new roles and resources to help the poor. In addition, CAA direct federal support is beginning to erode and its very existence on a long-term basis is threatened.

Recommendation.—CAAs need to help local government officials understand their new responsibilities, become more familiar with the needs of the poor, and determine how federal revenue sharing and other program resources can be utilized to meet these needs. The initiative must be taken by the CAAs. A successful effort could help build a continuing municipal commitment to the CAAs and/or other local service programs.

B. CAA/MODEL CITIES RELATIONSHIPS

XIV. Finding.—CAAs and the model cities community development agencies (CDAs) have similar but separate mandates to meet the needs of target population groups within their jurisdictions. Also, there is a lack of understanding and regular contact between the two about their respective approaches to meeting the target groups' problems and exploring the potentials for joint or complementary programming. These conditions have often produced confusion, conflict, and misunderstanding between CAAs and CDAs.

Recommendation.—CAA and CDA officials throughout the region need an opportunity to meet on neutral ground to discuss: (1) their similar but separate mandates; (2) their respective approaches to meeting needs of certain target groups; and (3) the potentials for greater joint activity. Also, national efforts to better define CAA and CDA priority areas need to be discussed and better understood at the regional/local level. Regional OEO and HUD representatives should facilitate and participate in such discussions.

XV. Finding.—CAAs and CDAs have few common Board members both from low income groups and their respective staffs. Where common Board members do exist, there is no significant effort to utilize those representatives to bridge communication gaps, provide coordination, and facilitate joint understands and programming.

Recommendation.—Where common Board members do not exist, CAAs and CDAs should discuss the possibility of filling future vacancies with selected individuals already serving on one of the Boards. Upon appointment, common Board members should be acquainted with their potential role in providing communication and coordination benefits through regular participation and reporting.

XVI. Finding.—It is common practice for CAA's to commit fewer resources to neighborhoods where a CDA operates. The CAA rationale for this is to use their scarce resources in other parts of the CAA jurisdiction (which is larger than the model neighborhood and usually larger than the given municipality itself). The net effect is a less than concentrated approach to meeting the needs of the model neighborhood in favor of spreading limited resources throughout the CAA jurisdiction. Given the presence of a model cities program, there is a difference of opinion among CAA/model cities/local government officials regarding the extent to which CAA resources should remain committed to the model neighborhood versus a withdrawal of some resources in favor of needs elsewhere.

Recommendation.—A basic policy determination is needed to determine the extent to which CAAs should remain committed to complement the model cities efforts versus meeting needs in other geographic areas. Such a discussion should include CAA and CDA officials at the municipal level and state and federal regional officials of OEO and HUD. An integral part of that decision will be whether a more or less concentrated approach is to be utilized in the model neighborhood.

CAAS—GENERAL

XVII. Finding.—There has been considerable discussion and there are differences of opinion regarding CAA priorities as to its advocacy role, delivery of services, and coordination of services to the poor. While these priorities may well differ in proportion among CAAs, there appears to be little effort to differentiate among them and then to plan and communicate them.

Recommendation.—CAAs must evaluate their current activities in each of the three areas (advocacy/delivery/coordination), assess the results being achieved, and equate these results with the needs of the poor in their operating area. An understanding of this entire process within the CAA and by outside agencies including local government is urgently needed.

SECTION III.—PROFILE OF SITE VISITS

WINOOSKI, VT.

The model cities agency is unique in that it covers the entire city of Winooski; the community action agency is the Champlain Valley CAA with responsibility for a four-county area. The Winooski mayor served on the model cities board prior to his election and in that capacity helped organize the Champlain Valley CAA. Eight local government representatives including the mayor serve on the CAA Board which has a total membership of 30. The mayor actively participates on a regular basis in the planning and implementation of CAA activities.

Model Cities/CAA Relations.—The CAA helped the model cities community development agency (CDA) with the organization of citizen participation. Joint services between the CAA and CDA include: (1) a CAA-operated day-care center in which the CDA has 25 funded slots; (2) the CAA provides the CDA with neighborhood youth corps participants; and (3) the CAA provides funding for two staff members for the CDA new careers program. Staff relationships are described as friendly and cooperative but not notably enthusiastic. There is no regular contact between staff members or Board members of the two agencies except as may occur on issue or program-oriented occasions.

Greater CAA resources are applied outside the city of Winooski than might otherwise be expected if the objective was to provide a more concentrated program effort in that city. The presence of the model cities program, the large geographical area covered by the CAA, and the need for services in the rural areas were reasons given for this CAA resource allocation decision.

CAA and CDA citizen participation (especially by representatives of the poor) is characterized as one of reviewing staff programs and recommendations rather than initiating programs and recommendations.

Local Government/CAA Relations.—The CAA effort has concentrated on removal of barriers to effective use of local government services and increased participation in local decision-making. For example, the CAA has represented the poor in dealing with such municipal policies as a \$25 non-refundable fee for a variance request on mobile home placement. This practice is viewed as a deterrent to the poor who use mobile home housing and cannot afford the risk of losing a \$25 fee. The CAA has actively supported many local government programs including an economic development program in nearby St. Albans (designed to create new jobs) and efforts in Burlington to continue the city's bus transportation service. Sporadic efforts have been made to encourage the poor to participate in town meetings with some initial success. This has been more related toward influencing town meetings through attendance than direct articulation of the needs and interests of the poor.

The CAA staff identified the need for increased sensitivity to actual events, especially regarding their advocacy role. A greater understanding of local government roles and responsibilities was suggested by CAA staff since poverty is only one of the many crucial problems facing local government and in competition for local tax dollars.

MANCHESTER, N.H.

The CAA serves approximately one-third of the population of New Hampshire and includes New Hampshire's two largest cities—Manchester and Nashua.

Local Government/CAA Relations.—Joint service programs include the federal commodity certification and surplus food distribution program and some federal manpower programs.

Described as unrealized potential services by the CAA to local government were the EEA program and support services. State manpower office policies and EEA program guidelines prevented the CAA from playing a larger role under EEA. There is the belief that more local government support for the CAA and the CAA provision of certain support services may have assisted local officials with better EEA program implementation.

Relations with local government officials vary with the community; relations appear to be best with county government officials. There is a lack of CAA participation in local government meetings and public hearings and practically no participation in regional planning activities. The latter was described by CAAs as being unproductive because the agencies of the regional bodies do not presently appear to be of interest to the poor. The CAA is initiating a project to improve relationships with local officials and an understanding among the poor about local government processes. The long-range objective is increased involvement of the poor in local government decision-making processes.

Model Cities/CAA Relations.—Relations between the CAA and CDA are indifferent, although both are servicing similar kinds of needs with separate mandates. The CAA concentrates on needs outside the model cities area because of the existence of the CDA; however, the CAA does function as an operating agency for some CDA-funded programs. The CAA and CDA programs are characterized as separate activities with missions not well-defined and understood by each other.

Separate physical locations was identified as one of the reasons for the lack of communication and coordination between the two agencies. However, both appeared interested in jointly-funded program activities and view this potential as much greater than presently exists.

There has been a negative reaction historically to federal programs within the city of Manchester and the greater Manchester-Nashua area, especially federal programs operated independently of local government. There is a strong feeling that federal programs should be redirected and provide for greater control by local and state government.

CONCORD, N.H.

Local Government/CAA Relations.—Relationships with local government range from good to very poor and indifferent. The CAA has recognized the need to change the present relationships and has obtained an OEO grant to: (1) train the poor to better understand local government and better participate in town meetings, meetings of city councils and board of selectmen and school board meetings; (2) acquaint local officials with the needs and interests of the poor; and (3) train CAA staff to help develop a better working relationship with local government policy and administrative officials. The long-range goal of the project is to build a mutual respect and confidence between the CAA/poor and local government officials.

The CAA desires to increase participation in manpower and EEA supportive services programs as well as other programs designed to deliver services to the poor. CAA officials contend their efforts in this regard have been characterized by a lack of support from local and state officials. In addition, the CAA is also interested in greater effort to mobilize non-governmental resources to help meet the needs of the poor.

NEW HAMPSHIRE SEOO

The following list of needs were identified during discussions with the New Hampshire SEOO staff:

- (1) the need to help CAAs and local government officials define the role and responsibilities of local officials as CAA Board members;
- (2) the need to build credibility with local government officials and citizens through more effective CAA communications. CAA reports to local government and citizen groups should better describe CAA activities and results;
- (3) the need to acquaint state officials with programs and the structure of CAAs generally, and particularly with regard to programs administered by the state through local agencies. There is currently a lack of understanding about the purpose of CAA programs, the needs of the poor, and methods to meet those needs among state officials; and
- (4) the need for the SEOOs to play a greater coordination and communication role with the CAAs. A potential activity involves information and experience exchange among CAAs generally, and specifically with regard to relationships with local government officials and service delivery systems that support local government programs.

BRIDGEPORT, CONN.

The CAA covers Bridgeport and four adjoining municipalities.

Model Cities/CAA Relations.—The CAA functions as the operating agency for some CDA manpower programs. There are also joint services in job training,

job placement, health referrals, housing assistance, day care services, after school cultural activities, a multi-service center—neighborhood office, library, and neighborhood employment bureau—and a concentrated employment program. The need was identified for a more coordinated health services delivery, including comprehensive health planning and state welfare agency programs.

CAA and CDA staff members have a close formal and informal relationship with weekly meetings and have cross representation on the CAA and CDA Boards. Potentials for additional CAA/CDA services include community school, cooperative health and family planning services, drug information and referral, and work training programs for youth. One problem with jointly funded programs is the different funding cycles of the two agencies. The CDA usually has to wait for OEO/CAA funding as well as that of other local and state agencies when joint funding is involved. In some cases, the planning for jointly-funded programs has been stifled when CAA and state funds did not materialize. Currently there is joint concern for the civil service commission regulations respective to employment practices within the city. The system is described as including some artificial barriers to the employment of the disadvantaged.

Local Government/CAA Relations.—Relationships with the city are characterized as excellent at the top administrative level and include weekly meetings between the mayor and the CAA director. The mayor has provided considerable support for funding by federal agencies to the CAA and with the CAA director has contacted various federal regional offices.

The mayor has ten appointments to the CAA Board. Current members include a member of the Board of Education, a member of the Housing Authority, a member of the Zoning Commission and a representative of the Welfare Department. There are currently two vacancies; CAA has expressed interest for the appointment of a city hall administrative official with a financial background. Appointment of department heads might facilitate a better exchange between the CAA and the city in specific program areas.

The CAA is viewed by local government as a service delivery system for meeting the needs of the poor and as a monitoring agency for feedback on needs and interests of minority and disadvantaged groups. Among areas for potential improvement are: (1) an improvement in relationships and contact among CAA staff and city employees below the top administrative level; (2) a greater effort in joint program planning to offset the short-term, hap-hazard funding and development process; and (3) a better communication of programs and problems by the CAA to the city in order to obtain better local, state and federal program support. The need for better communications and planned programs is most important with emphasis on continuous funding and long-range programming which would allow local government to plan in support of on-going CAA activities.

There is a feeling among local officials that the CAA manpower function is too heavily focused on the labor supply, e.g., providing information on labor supply and preparation of individuals for jobs, rather than on the demand side—job development, job creation, and economic development activities generally. There is a feeling that the city could react better if planned and coordinated programs were developed as opposed to the short-term and hap-hazard funding and development programs that currently exist. The needs of the poor and disadvantaged need to be better articulated in order to provide the basis to request greater city support for the CAA.

LYNN, MASS.

Local Government/CAA Relations.—The relations between the CAA and local government have generally been poor in the past, partly resulting from a negative attitude toward federal programs. This relationship is improving with a new mayor concerned with better use of federal programs and a high interest in helping meet the needs of disadvantaged. While elected municipal officials are officially members of the CAA Board, the experience has been for these officials to make secondary appointments. The designee is often a citizen at large, rather than another municipal employee. One result is a lack of contact and active participation by local government in CAA activities. There has also been a lack of reporting back to the local government officials by the designee who may not necessarily represent the local government official's viewpoint. This has not facilitated communications and coordination between local government and CAA programs nor contributed to joint programming. At the same time, the CAA appears to prefer the delegate system (not necessarily citizens-at-large) to elected

officials who from past experience have not actively participated in CAA activities because of time pressures and personal interests. The CAA Board has been plagued by a large turnover of both public and private representatives. Contact with department heads and city employees is limited and the appointment of more municipal officials in the housing, education, police, and recreation areas could contribute significantly to the CAA programs.

Model Cities/CAA Relations.—CAA resources are applied outside the model cities neighborhood to the extent possible in order to meet needs not covered by an existing CDA program. There are common members on both the CAA and CDA Boards. Joint services include a community health center, referral services, and legal services. The CDA also uses CAA manpower through the neighborhood youth corps and model cities has supplemented this program with a grant for ten additional positions from the model cities neighborhood.

There is a lack of information exchange and coordination between the CAA and CDA and no regular contact between staff members. Steps are being taken to encourage regular contact under a newly appointed CAA director. Both agencies have invited the agency directors to address their respective Boards. Some of the past relationships provide a base to build closer relationships, e.g., the CAA did the original model cities citizen participation organizing. In addition, the model cities director was formally with the Massachusetts SEEO and has a sensitivity for the benefits of a close association with the CAA. The CDA director indicated that SEEOs generally lack funds and are often not taken seriously by those within and without the OEO/poverty program. The CDA will probably use the CAA more as an operating agency in the future, e.g., assist in the enforcement of rent control laws.

LOWELL, MASS.

Local Government/CAA Relations.—Among all the CAAs visited, the Lowell CAA has the strongest commitment to regular contact and a strong relationship with local government. This is characterized by regular attendance and participation at city meetings and hearings and regular meetings with top management (city manager and mayor). The mayor is a former member of the CAA Board. The CAA Board includes: the city welfare director, the city housing authority director, and the city human rights director. The participation of these officials is regular and active. The CAA and the city have also developed a joint police-community relations program.

Model Cities/CAA Relations.—The CAA Board president is a member of the model cities citizen organization group and the CAA helped develop the CDA citizen participation program. The model cities program is viewed as a more physical-oriented program than a human services-oriented effort. In terms of joint funding, the CAA is an operating agency for model cities and the two have cooperated in joint funding and support for transportation and manpower programs. The CAA operates manpower, outreach, legal services, referral, community organizations, surplus food distribution, and emergency medical supplies programs in the CDA neighborhood.

Communications between the two are not regular although there are informal relationships among staff members. There exists subtle tension and misunderstanding between the two agencies resulting in part from the model cities citizen group which seems protective of its neighborhood program versus city-wide or area-wide services. In addition, the CDA citizen group is not viewed by the CAA as low-income oriented. The CAA would like to relieve some of its investment in the CDA neighborhood in order to meet needs elsewhere within its jurisdiction.

The Lowell CAA emphasis is on good, internal administration and believes other CAAs need to improve their internal organization before they can expect to deal more effectively with other public and private agencies. Both program and staff quality is a high priority and is viewed as essential to improving the mutual respect and confidence among CAA and local government officials.

MAINE—MULTI-AGENCY MEETING

New England Municipal Center and Maine Municipal Association staff met with representatives of Maine CAAs, model cities agencies and local governments to discuss the NEMC human resource project. The purposes of the meeting were to:

- (1) Acquaint participants with the goals and objectives of the NEMC human resources project;
- (2) Inform participants of the project approach and methodology;

(3) Review with participants the draft questionnaire for distribution to AA officials within New England and assess existing relationships between CAAs and local government officials;

(4) Discuss with participants some of the existing and potential relationships among CAA and local government officials in their geographical areas; and

(5) Contribute to the communication and coordination between the NEMC and MMA human resource projects.

NEMC explained to the group its interest in the current interaction between CAAs/local government and CAAs/Model Cities and the potentials for new and improved relations. The participants also reviewed a NEMC draft questionnaire and offered suggestions regarding the appropriateness of the questions for CAA, local government, and model cities officials.

Discussed were the present relationships between Maine CAAs and local governments, suggestions to improve present relations, and the potential for influencing existing relationships. The participants defined past relations with local governments as characterized by indifference, alienation and misunderstanding. They identified the need to bridge the information gap and the need to stimulate more interest in joint meetings with local officials. The group consensus was that joint meetings would offer an opportunity to explore new potential relationships for CAA and local government—primarily through strengthening the CAA's role in the community.

While some participants offered suggestions to improve relations, others reported they were already engaged in making an impact. For example, the Franklin County CAA is partially supported by the county; they have found that focusing on community problems and talking in terms of community needs and community interests has effectively mobilized resources and opened new avenues of discussion with local officials. Their efforts to eliminate the barriers to communication are being handled by a specially-hired staff member. However, there still exists the general need to pinpoint appropriate CAA and local government goals and objectives.

According to the participants, the CAA staff and the disadvantaged do not understand local government or how to effectively influence it, and the elected and appointed municipal officials do not understand CAA goals and processes. Overcoming current misunderstanding and improving communications by building a firmer CAA-local government relationship is the key to future program building and more effective social planning in meeting the needs of the poor according to the participants.

PAWTUCKET, R.I.

Local Government/CAA Relations.—CAA/local government relationships in Pawtucket are characterized by tolerance and "arms-length" activity. There appears to be a lack of sensitivity among those involved as to what the other is doing and how the services and programs of one agency could help the other. On the one hand there is a feeling among CAA and CDA officials that the municipal government must undertake a greater coordinating/planning role in the delivery of human services; on the other hand a feeling among some of the municipal officials that the existing federally-sponsored programs lack accountability and that such accountability should lie at the state level (rather than the local level) in line with the delivery of other kinds of human and social services within Rhode Island.

The welfare director, housing authority director, city engineer, and health director serve on the CAA Board. While the individual expertise and knowledge of these individuals provide some direct support to the CAA, there is a need for more involvement and to provide a regular flow of communications by reporting to the municipal chief executive and other elected officials.

Model Cities/CAA Relations.—The CAA did the initial citizen participation organizing effort for the CDA. The CAA also is the operating agency for many of the CDA manpower programs. Information sharing among the two at the staff level is done on an ad hoc basis. A few citizens do serve as overlapping Board members; however no specific advantages to this are seen by either agency nor is there any conscious intent to make better use of common Board members for communication and coordination purposes. Both of the directors indicate a need for their counterparts throughout New England to come together for discussion about contracting and issue-oriented problems and potentials.

CRANSTON, R.I.

The CAA is one of the smallest agencies in the region financially. From its very beginning it has had to obtain resources from local government to provide services and facilities in seven target areas of the city. By being located in city facilities, the agency finds it has a better visibility which allows it to better identify and communicate the needs and interests of low income as well as creating a better understanding of the impact of its services.

Local Government/CAA Relations.—Except for regular and daily contacts with a few department heads (health and welfare), most contacts with top city management and policy official are issue-oriented. Most of the top level officials including all members of the city council are members of the CAA Board. With few exceptions, however, these officials designate other representatives to sit for them. There appears to be no regular and/or organized reporting system nor are the appointed designs necessarily other municipal officials. Even though the planning director, recreation director, administrative assistant and welfare director serve as members of the CAA board, there is a real potential of upsetting the balance of local government representation on the Board through the appointment of citizen designees.

The CAA has been more service-oriented than advocacy-oriented and its main thrust has been to provide quality health care programs, neighborhood centers, youth programs, etc. Local government generally plays a reaction role with the CAA since it is not directly involved with CAA activities until a problem or issue develops. There is a feeling that the CAA could play a larger role in coordination and planning—especially in reviewing the services already being provided developing alternatives for providing better and more services, and evaluating all services to the poor.

While the present relationship is quite positive there are areas for greater understanding among local government and CAA officials. The end result of such an effort would be a greater sharing of their respective efforts and provide an increased opportunity for joint discussion and programming.

The CAA emphasis is focused on maintaining a quality staff with a genuine sensitivity to people needs. A by-product of this will be increased support from local government and other resources by producing positive program results.

PORTLAND, MAINE

Local Government/CAA Relations.—Discussion with officials indicates the absence of regular opportunities to explore CAA/local government relationships and the possibilities of joint services. There needs to be a stronger link to bring together the appropriate local government and CAA officials to identify and meet the needs of low income groups. More importantly, there is a need for increased discussion about coordination and communication among those presently providing services. There appears to be some frustration about the direction of the CAA program and about the way in which it can be most effective. This suggests the need for a well-discussed and well-articulated set of goals and objectives for the CAA. Such an effort should include local government and model cities officials. Some city department heads are regular participants in CAA activities, including the assistant director of the housing authority who currently serves as CAA Board chairman. However, there appears to be little two-way communication with top management, elected officials, and other city department heads about CAA activities, priorities, and proposed programs.

Model Cities/CAA Relations.—The CAA is the operating agency for some CDA programs including day-care and a drug store co-op. There is a feeling that the CAA services are less needed in the urban area due to the existence of model cities services. This is reflected in a shift of many CAA services to the rural areas. Because the CDA and the CAA have common interests, but lack joint understanding about how each compliments the other (especially regarding citizen participation), some competition, overlapping services, and separate efforts have resulted. Contributing to this is the fact that contact among local government, CAA and CDA officials is described as minimal.

The persons interviewed indicated that a closer relationship among local government, CAA and model cities officials would be beneficial. Funding and the delivery of the various services to low income target groups would be discussed. A prerequisite to such a discussion is the development of general goals and objectives by the CAA coupled with alternative program plans and priorities including potentials for joint CAA/local government and CAA/CDA efforts.

LEWISTON, MAINE

Local Government/CAA Relations.—The rapport and understanding among local government and CAA officials needs improvement. Information about existing services and discussion about potentials for joint efforts to meet the needs of low income groups are being sacrificed presently. There appears to be little regular contact and communication among CAA, local government and CDA officials about programs, plans and priorities. At the same time, officials directly involved are aware of the present situation and seem genuinely interested in improving upon it.

Model Cities/CAA Relations.—There are few institutional relationships between the CAA and CDA that would allow each on a regular basis to become better acquainted with each others activities and to explore potentials for joint efforts. The CAA does serve as the operating agency for some CDA programs and this may provide the needed base upon which to build closer relations. In addition there is agreement among those interviewed that the CAA outreach capability has not been fully utilized in the Lewiston area and that the potential is much greater than currently exists. This concern coupled with a genuine interest in closer and more frequent contact could provide the needed impetus for greater continuing participation in respective planning and program activities.

SECTION IV.—SUMMARY OF QUESTIONNAIRE RETURNS

Questionnaires completed by CAA and local government officials reflect attitudes toward each other varying from "very positive" to "indifferent." However, there is a basic misunderstanding of each other's roles and philosophies which frequently results in suspicion and unfulfilled potentials for joint programming.

In *Maine*, municipal officials suggest that CAAs do not understand local government processes and responsibilities. There is some interaction between CAAs and local officials: CAAs contribute services in such areas as Headstart, family planning, health care and surplus food distribution. Local officials believe CAAs prefer an adversary approach, are highly competitive, and desire to move too rapidly in areas and consequently produce few positive results. The overriding CAA emphasis on organizing for advocacy in poverty areas distresses local officials who would prefer broader community programs to the disadvantaged which emphasize individual self-help.

The CAA responses about local government attitudes and understanding vary widely. CAAs desire local officials to have a better understanding of their history, policies and community involvement. Many local officials serve on CAA Boards and there is some joint programming; however, there is potential for more interaction in planning and increased joint program funding. CAA personnel serve on government boards and provide some technical assistance. Several CAA staff members report that relations with local governments could be improved through better public relations and "cooperation rather than confrontation."

CAAs report reasonably good relations with the model cities programs. There often is weekly contact and CAAs frequently serve as the program fiscal agent for programs in the model cities neighborhood. However, few of the programs are actually conducted jointly and there are numerous opportunities for increased interaction.

In *Vermont*, local government officials report fairly good relations with CAAs and some cooperation in programs such as surplus food distribution. It is felt that CAAs should provide more information about activities to local officials, and that CAAs should recruit workers from the poverty areas in which they will work. Local officials observe that CAAs tend to by-pass government involvement in program planning with the result that municipalities cannot provide local support for many CAA programs.

CAAs find local officials occasionally supportive, more often indifferent, and most with very little understanding of CAA programs. CAAs feel the need to explain to local officials the potential local government involvement in poverty programs. Local officials serve on CAA Boards and have an opportunity for joint discussion—especially regarding on-going CAA activities and the potential for joint ventures.

CAAs identified good working relations with the model cities programs although infrequent contact with the CDAs. Model cities provides many welfare and manpower services with the CAA acting primarily as the fiscal agent in jointly sponsored programs.

In *New Hampshire*, local officials identified CAAs as "hostile" and "anti-establishment" with little advance consultation with local governments about programs. There is interaction on some programs but local officials generally find CAAs unsupportive of many local government efforts. Some officials suggest CAAs "should go out of business;" others would encourage CAAs to improve their internal organization and submit programs to local government officials for review, comment and discussion.

CAAs report local governments to be somewhat supportive although often indifferent. There is considerable misunderstanding among local officials of CAA priorities and activities. Local officials serve on CAA Boards and CAAs assist in food distribution programs. There is little meaningful joint involvement in many other potential program areas.

In *Rhode Island*, local officials find CAAs supportive and understanding with a high degree of cooperation. Officials expressed the need for more dissemination of CAA program information to local governments.

CAAs find local officials occasionally indifferent to their activities with little understanding of the CAA and its role. CAAs expressed the need for greater understanding of the role that local government can play in CAA activities. Local officials serve as CAA board members and cooperate in individual projects; however, there is potential for more municipal government involvement as a source of program support for CAAs. There are areas for more CAA involvement, particularly in EEA supportive services and services for the elderly. One CAA member suggests relationships could be improved if the CAA provided more services to assist local officials. CAA personnel expressed the opinion that more and regular communications between the two groups would assist in developing joint programming.

CAAs maintain monthly contact with model cities programs for policy and information exchange. Joint CAA/CDA programs are common.

In *Massachusetts*, local officials identified CAAs as very supportive with several joint programs, e.g., Headstart, on-the-job training, and Neighborhood Youth Corps. However, some officials believe there could be closer relations and would like CAAs to work in areas other than those related to poverty, e.g., assist in planning activities.

CAAs feel they should do more to explain their purposes and goals, organization and decision-making processes, and program priorities to local officials. Local government should view CAAs as a mobilizer of community resources and accept their role as advocates for the poor. Some local officials are involved in CAA committees, boards, policy-making processes and in some program funding. CAAs believe there is a need for more joint program priority setting. Several CAA personnel are involved in municipal government agencies.

Most CAAs and model cities have a weekly exchange of information. CAAs refer individuals to CDAs and provide supplemental services.

In *Connecticut*, local officials identified CAAs as "indifferent" and concerned primarily with the central city. Local officials believe there is limited CAA understanding of local government problems and that current alienation frequently results from different goal-setting processes.

CAA personnel identified local officials as "indifferent" with occasional close working relationships. CAAs believe they need to better explain their advocacy role and thrust toward self-determination. Local officials serve on CAA Boards and there is a frequent exchange of delegates to meetings. There is potential for CAA representation in city procedures and decision-making to help eliminate duplication of services. CAAs are involved in joint funding with local governments on selected programs and participate on planning boards. CAAs believe there should be more contractual arrangements with municipalities to take advantage of CAA planning experiences.

CAA and model cities officials maintain excellent relations through regular contracts. Model cities provide some legal assistance to CAAs and there are several joint funding and service efforts.

SECTION V

Appendix A

QUESTIONNAIRE COMPLETED BY CAA OFFICIALS

1. The general attitude of the local government officials toward our CAA might be best characterized as:

_____ Very Positive _____ Supportive _____ Indifferent _____ Negative
 _____ Other (please specify).

2. Our relationships with local government could be best described as :
☐ excellent, with good communication and understanding
☐ good, but with occasional misunderstanding
☐ fair, but not completely detrimental
☐ poor, with frequent misunderstanding
3. Please describe the understanding local officials have of the purposes and functions of your CAA.
4. Please describe what specific ideas, program information or facts about CAA's should be better explained and discussed with local officials.
5. In what way(s), if any, are local government officials involved with your CAA activities?
6. Is there additional potential for local government involvement in your CAA activities? ☐ Yes ☐ No (please comment).
7. In what way(s), if any, is your CAA involved in local government activities?
8. Is there potential for additional CAA involvement in local government activities? ☐ Yes ☐ No (please comment)
9. A. Is your agency involved in the provision of joint local government/CAA services? ☐ Yes ☐ No
 B. If "yes" please describe the nature of each joint service.
10. How do you think the relationship between local government and CAA officials can be improved?
11. A. Are there existing opportunities for general discussion among CAA and local officials beyond the issue-oriented or activity-related meetings?
☐ Yes ☐ No
 B. If "yes" please describe.
 C. If "no", should there be such opportunities, and under what conditions would you participate?
12. Please enclose any additional descriptive materials relating to :
 1. General CAA activities ;
 2. CAA/Local Government relationships ;
 3. Joint CAA/Local Government activities ; and
 4. Joint CAA/Model Cities activities.

Completed by CAAs whose territory includes a model cities area

- A. Does your CAA provide any services in the Model Cities area?
☐ Yes ☐ No
- B. If "yes" please list below :
- C. Are any of these services jointly provided by your CAA and Model Cities?
☐ Yes ☐ No
- D. If "yes", please describe :
- E. Please identify other potential areas for joint CAA/Model Cities activities :

QUESTIONNAIRES COMPLETED BY MODEL CITIES OFFICIALS

1. The general attitude of CAA officials toward your Model Cities program might be best characterized as :
☐ Very Positive ☐ Supportive ☐ Indifferent ☐ Negative
2. Our relationships with CAAs could be best described as :
☐ excellent, with good communication and understanding
☐ good, but with occasional misunderstanding
☐ fair, but not completely detrimental
☐ poor, with frequent misunderstanding.
3. How often do you have contact with the CAA or its program and what is the nature of that contact?
4. A. Does your Model Cities program include the provision of human services?
☐ Yes ☐ No
 B. If "yes" please list such services (and specific programs) :
5. In what way(s) if any, is the CAA involved in your Model Cities activities?
6. Is there additional potential for CAA involvement with Model Cities activities? ☐ Yes ☐ No. (please explain)
7. Is your agency involved in the provision of joint Model Cities/CAA services ☐ Yes ☐ No
 B. If "yes" please describe the nature of each joint service.
 C. If "no" are there potential areas for joint services?
 D. Would such services be worthwhile from the Model Cities point of view? Please explain.
8. A. Are there existing opportunities for general discussion among Model Cities and CAA officials? ☐ Yes ☐ No

- B. If "yes" please describe.
 C. If "no" should there be such opportunities, and under what conditions would you participate?

QUESTIONNAIRE COMPLETED BY LOCAL GOVERNMENT OFFICIALS

1. A. The general attitude of CAA officials toward our local government might best be characterized as :
 _____Very Positive_____Supportive_____Indifferent_____Negative
 _____Other (please specify)
- B. Please list reasons to support your choice.
2. A. Do CAA people have an understanding of local government process?
 _____Yes _____No
- B. If "yes" how has this been established?
- C. If "no" would it be worthwhile from local government point of view for them to be informed? Why?
3. A. Is there active interaction between CAA officials and local government officials? _____Yes _____No
- B. If "yes" what is the nature of such interaction and who is involved?
- C. If "no" please list reasons.
4. Please list the titles of those who represent local government on the CAA board in your area/community.
5. A. What services does the CAA provide in your community?
- B. Are these services supportive to local government structure, roles and functions? _____Yes _____No
6. A. Is there a need for more information from CAAs regarding their goals and functions? _____Yes _____No (please explain)
- B. If such information were provided would it enhance communication between local officials and CAA representatives? _____Yes _____No
7. From a local government point of view, what should CAAs do to improve relationship with the entire community?
8. It is contended that CAAs feel alienated from local government for various reasons. Please identify some of those reasons.

Appendix B

AGENCIES AND INDIVIDUALS CONTACTED

Connecticut :

Blitz, Sanford, Assistant to the Mayor, Bridgeport
 Harris, Herbert, Deputy Director, Action for Bridgeport Development, Inc., Bridgeport
 Hayward, Donald, Director, Model Cities Agency, Bridgeport
 Selden, Van, Director of Human Resources, Connecticut Conference of Mayors, New Haven

Maine :

Bourgeois, Henry, Director, Model Cities Agency, Lewiston
 Caron, Lillian, Administrative Assistant, Androscoggin County Task Force of Social Welfare, Lewiston
 Cuddy, Charles R., Manpower Director, Mainecap Inc., Augusta
 DePeter, Charles, Executive Director, Peoples Regional Opportunity Program, Portland
 Dubord, Larry E., Assistant Director, Franklin County Community Action Council, East Wilton
 Ezhaya, Joseph B., Director of Human Resources, Maine Municipal Association, Hallowell
 Fish, Harry, President, Washington County Regional Action Agency, Machias
 Fraser, Claire, Planner, Model Cities Agency, Lewiston
 Gosselin, Lucien, City Comptroller, Lewiston
 Gurney, Howard, Executive Director, Franklin County Community Action Council, East Wilton
 Mank, Christine, Outreach Director, Knox County Community Action Committee, Rockland
 Menario, John E., City Manager, Portland
 O'Brien, Jadine, Director, Model Cities Agency, Portland
 O'Toole, John, Executive Director, Androscoggin County Task Force of Social Welfare, Lewiston
 Spita, John E., Assistant City Manager, Auburn
 Thompson, Nona, Director, Operation Mainstream, Washington County Regional Action Agency, Machias

Massachusetts:

Cort, John, Director, Model Cities Agency, Lynn
 Desjarlais, Leo, Executive Director, Community Teamwork, Inc., Lowell
 Talbot, Paul, City Manager, Gloucester
 Tavares, John, Director, Model Cities Agency, Lowell
 Thompson, R. W., Deputy Director, Lynn Economic Opportunity, Inc., Lynn

New Hampshire:

Bourdelaïs, Alfred, Director, Model Cities Agency, Manchester
 Chick, Donald, City Manager, Dover
 Clark, Shirley, Director, State Economic Opportunity Office, Concord
 Hapgood, Harold, Assistant Director, State Economic Opportunity Office, Concord
 Hennessy, Gale, Assistant Director, Community Action for Hillsboro County, Merrimack
 Kelly, Richard, Executive Director, Belknap-Merrimack Community Action Program, Concord

Rhode Island:

Burns, Robert, Mayor, Pawtucket
 Ceglie, Vincent, Executive Director, Blackstone Valley Community Action Program, Pawtucket
 Luber, Adelaide, Executive Director, Cranston Community Action Program Committee, Cranston
 Retsinas, Nicholas, Director, Model Cities Agency, Pawtucket
 Connaughton, Robert, Administrative Assistant to the Mayor, Cranston

Vermont:

Drew, David, Director, Model Cities Agency, Winooski
 Kelsh, Matt, Deputy Director, Champlain Valley Office of Economic Opportunity, Winooski

Regional:

Finigan, Edward, Governmental and Private Sector Relations, Region I-OEO, Boston
 Fleischer, Roy, Chief, Rural Division, Region I-OEO, Boston
 Kelly, Vance R., Public Information and Congressional Affairs, Region I-OEO, Boston
 Lucas, Alfred E., Chief, Metro Division, Region I-OEO, Boston
 Norris, D. Kermit, Public Affairs Representative, Region I-OEO, Boston
 O'Connell, Edward F., Chief, Urban Division, Region I-OEO, Boston
 Shaw, Arthur, Field Representative, Urban Division, Region I-OEO, Boston
 Shea, Michael, Regional Council Representative, Governmental and Private Sector Relations, Regional I-OEO, Boston.
 Wright, Ledonia S., Chief, Governmental and Private Sector Relations, Region I-OEO, Boston

Appendix C**AGENCIES RETURNING QUESTIONNAIRES****Connecticut****CAA**

New Britain Office of Economic Opportunity—New Britain
 Community Progress, Inc.—New Haven
 Committee on Training and Employment—Stamford
 Windham Area Community Action Program, Inc.—Danielson
 Norwalk Economic Opportunity, Now, Inc.—South Norwalk
 Action for Bridgeport Community Development, Inc.—Bridgeport
 Community Action for Greater Middletown, Inc.—Middletown
 Community Renewal Team of Greater Hartford, Inc.—Hartford

Model cities agencies

Waterbury
 New Haven
 Hartford

Local governments

Framington
 Cheshire
 West Hartford
 Bloomfield
 Wethersfield

*Maine***CAA**

York County Community Action Council—Alfred
 Knox County Community Action Committee—Rockland
 Washington County Community Action Agency—Machias
 Penquis Community Action Program, Inc.—Bangor
 Waldo County Committee for Social Action—Belfast
 Franklin County Community Action Council—East Wilton
 Northern Kennebec Valley Community Action Council—Waterville
 People's Regional Opportunity Program—Portland

Model cities agencies

Lewiston
 Portland

Local governments

South Portland
 Waterville
 Kittery
 Brunswick
 Brewer
 Bangor

*Massachusetts***CAA**

Cambridge Economic Opportunity Committee, Inc.—Cambridge
 Haverhill Community Action Commission, Inc.—Haverhill
 Action, Inc.—Gloucester
 South Shore Community Action Council, Inc.—Plymouth
 Community Action Committee of Cape Cod and Islands—Hyannis
 Greater Lawrence Community Action Council, Inc.—Lawrence
 Eastern Middlesex Opportunities Council, Inc.—Somerville
 Montachusett Opportunity Council, Inc.—Leominster
 Community Action Programs Inter-City, Inc.—Chelsea
 Lynn Economic Opportunity, Inc.—Lynn
 Community Team Work, Inc.—Lowell
 Worcester Community Action Council, Inc.—Worcester

Model cities agencies

Boston
 Fall River
 Holyoke
 Lowell
 Worcester

Local governments

Arlington
 Boston
 Danvers
 Gloucester
 Worcester
 Somerville

*New Hampshire***CAA**

Strafford County Community Action Council—Somersworth
 Community Action for Hillsborough County—Merrimack

Model cities agencies

Manchester

Local governments

Portsmouth
 Concord
 Salem

*Rhode Island***CAA**

Tri-Town Economic Opportunity Committee—North Providence
 Progress for Providence, Inc.—Providence
 New Visions for Newport County, Inc.—Newport
 Warwick Community Action, Inc.—Warwick
 Self-Help, Inc.—Riverside

Model cities agencies

Pawtucket
 Providence

Local governments

Warwick
 Woonsocket

*Vermont**CAA*

Orleans County Council of Social Agencies, Inc.—Newport
 Champlain Valley Office of Economic Opportunity—Winooski
 Southeastern Vermont Community Action, Inc.—Bellows Falls
 Central Vermont Community Action Council, Inc.—Montpelier
 Bennington-Rutland Opportunity Council, Inc.—Bennington

Model cities agencies

Winooski

Local governments

Bennington

NEW MUNICIPAL ROLES IN HUMAN RESOURCE DEVELOPMENT

COMMUNITY ACTION AGENCIES: AN IMPORTANT LOCAL RESOURCE FOR CITIES

What is Community Action?

Community Action is groups of people working together to solve common problems. The visible heart of the community action concept in Missouri consists of eighteen Community Action Agencies operating on a multi-county basis in both rural and urban settings, their many neighborhood service centers in counties and cities, and their delegate agencies.

What is the purpose of Community Action Agencies?

To help low-income people, young and old alike, help themselves through education, jobs, social awareness, and community action.

Who supports the Community Action Agency?

Money for programs comes primarily from federal agencies. The agency is required to have 20% matching funds or contributions from the area served. Usually these are in the form of volunteer time and donated building space.

Who governs the organization?

The great majority of Community Action Agencies are private non-profit organizations. They are controlled by a Board of Directors composed of one-third local government representatives, at least one-third representatives of the poor, and the remainder private sector representatives.

What specifically do they contribute in my area of Missouri?

General programs sponsored or administered by Community Action Agencies:

Manpower Development: A key to high employment

Vocational training, job development, and placement provide low-income persons with vocational training opportunities developed to fit their interests. In many cases this involves the use of established vocational training facilities. Provide job development and placement services for trainees of these programs. Neighborhood Youth Corps: Provides high school students and high school drop-outs with part-time employment. It is designed to provide work experience and earnings that will permit the continuation of education.

Operation Mainstream: This project is for adults with the emphasis on those above 45 years of age. It is a work-training program in which enrollees work in non-profit organizations such as cities and other public institutions.

Housing: To meet unfulfilled housing needs

Assist low-income families in obtaining low-rate federally insured loans for land development, construction, and rehabilitation of present homes. Promote the formation of housing development corporations to act as sponsors for low-to-moderate income housing developments.

Economic Development: Essential for continued municipal vitality

Promote industry in small communities and improve the quality of farm products.

Assist in establishing industrial development commissions and stimulate action in acquiring loans and grants for economic development.

Health: Reaching out to meet immediate health needs

Health education programs directed specifically at mothers, children and elderly.

An active program of outreach to those in need of health services and prompt referral and transportation to needed health services. Includes the provision of emergency food and medical services.

A family planning program designed to assist families in planning the number of children they feel they want. Through education and effective means of birth control the idea that every baby is a wanted baby becomes a reality.

Education : Producing productive citizens

Adult education courses which include: a) development of reading, writing, and mathematical skills, b) work orientation classes, c) skill training classes.

Head Start: This is a pre-school program providing services in education, nutrition, medical and dental care, psychological care, and social adjustment not only for the child but also the parent. Transportation and hot lunches are provided for the children. Centers are located in various locations throughout the area served by each Community Action Agency.

Senior Citizen Opportunities and Services : Dignity and activity in later years

This program stresses the development of centers, activities, and services for senior citizens. Activities are planned for the senior citizens. Referrals are made to other agencies for benefits, such as education, health services, recreation, employment, transportation. One of the most important aspects of the program is to develop more active participation of the senior citizen in obtaining the things he needs and in maintaining an active role in their community.

Neighborhood Centers and Community Organization : A coordinated delivery of needed services

Each Community Action Agency operates neighborhood service centers throughout their area of responsibility, usually multi-county. These centers are recognizable sources for low-income families and individuals to use for securing services from other agencies as well as providing educational, vocational, social, and cultural enhancement programs.

Community Organization provides for outreach personnel who work in the field. These people provide referrals that are placed in programs sponsored by the Community Action Agency or other social service agencies. They help determine needs of families participating in CAA sponsored programs and improve the coordination of services needed by low-income families.

Basic changes in federally assisted social and human resource programs may come about in the future. General revenue sharing has already been enacted into law. Special revenue sharing, welfare reform and a major reorganization of the Federal government have been proposed. These changes may provide opportunities for municipal officials to establish new influence or new roles in programs now under federal, state, and county control that have affected cities but have not been sufficiently responsive to their programs and priorities. In terms of special revenue sharing, municipalities will have new responsibilities for planning and operating manpower, community development, and other human resource programs.

Mayors elected officials and administrators can prepare themselves for these new responsibilities and better marshal available resources by better acquainting themselves with the existing local efforts to solve people problems. These efforts are being carried on by such private and public organizations as Community Chest, Salvation Army, Department of Community Affairs, local welfare, and Community Action Agencies.

Of these organizations, the Community Action Agency represents an excellent resource for technical assistance and support in municipal efforts in human resource development. These multi-service agencies have long been involved in mobilizing public and private resources for the purpose of improving the opportunities for the poor. Community Action Agencies are willing to work closely with city halls to achieve coordinated delivery of human resource services.

Subject : Funding Instructions—I.

To : All Allotment Holders, Headquarters & Regions.

Effective this date, and until further notice, no grantee may be funded for a period exceeding June 30, 1973.

This modifies previous guidances by establishing a date certain, beyond which no grantee may be funded, and by amending the point of application from \$200,000 to applicability to all grantees.

This funding restriction is mandatory, rather than discretionary within available funds.

Additional instructions will be issued by the Office of the Controller, as required.

HOWARD PHILLIPS, Acting Director.

Date : January 31, 1973.

Subject : Funding Instructions—II.

To : All Allotment Holders, Headquarters & Regions.

Effective this date and until further notice :

1. All headquarters and regional offices grants for which funding expired prior to COB, January 28, 1973, but for which funds were not released prior to COB, January 28, 1973, may be refunded for a period not to exceed February 28, 1973.

2. All headquarters and regional offices grants for which funding is to expire prior to COB, February 28, 1973, but for which funds were not released prior to COB, January 28, 1973, may be refunded for a period not to exceed thirty (30) calendar days from the date of expiration of present funding.

3. All headquarters and regional offices grants for which funding is to expire after COB, February 28, 1973, but for which funds were not released prior to COB, January 28, 1973, are not to be refunded prior to COB, February 28, 1973, and are to be refunded thereafter only if all normal procedures and verifications are adhered to, consistent with the Memorandum of this date, Funding Instructions—I, and with the Memorandum of this date, Approval of Obligation of Funds to OEO Grantees.

4. Each grantee's spending should be held to a minimum and monthly levels are not to exceed average monthly expenditures reported during the last 12 months.

5. No new program or program components may be initiated and expenditures incurred for such by any grantee.

The Acting Director, OEO, shall retain the authority to waive these restrictions, in whole or in part, with respect to any particular grantee based upon particular circumstances.

HOWARD PHILLIPS, *Acting Director.*

Date : January 31, 1973.

Subject : Approval of Obligation of Funds to OEO Grantees.

To : Deputy Director, Assistant Directors, Associate Directors, Regional Directors, and Other Appropriate Parties.

Effective this date, and until further notice, the authority to approve the obligation of funds for grants of assistance under the Economic Opportunity Act of 1964, as amended, if such assistance is administered by OEO, which approval authority has been heretofore delegated by the Director to the Deputy Director, to certain Assistant Directors, to certain Associate Directors, to Regional Directors, to Regional Legal Services Directors, and other parties, is withdrawn.

No such funds shall be obligated without the approval of the Director.

Additional instructions will be issued, as necessary.

HOWARD PHILLIPS, *Acting Director.*

Date : January 31, 1973.

Subject : Grants Management.

To : Controller.

Pursuant to the Director's Memorandum of this date, Approval of Obligation of Funds to OEO Grantees, the following procedures will be followed with respect to all grant packages forwarded to the Director for his action :

1. The grant package shall be submitted in two parts :

1. A highlight package, including OEO Form 314, CAP Form 29, OEO Form 301, CAP Form 10, Narrative Highlight, and such other papers as may be appropriate in each instance.

2. The full grant work package.

2. Each grant package shall contain *all* audit, evaluation, and Inspection reports dated within eighteen months prior to the date of submission of the grant package to the Office of the Director, together with a statement, signed by both the OEO Project Manager and his supervisor, indicating in detail what actions were (were not) taken with respect to each recommendation or problem area contained in such reports and the reasons for such actions (inactions). No grant package will be accepted by the Office of the Director without such a statement contained therein.

3. Grant packages should be submitted no less than thirty (30) working days prior to the date of the expiration of present funding.

4. Grant packages should be submitted to the Acting Director, Office of Program Review, for the Director's action.

5. No grant packages for *refunding* will be accepted by the Office of the Director, *if* the recommended average monthly level of funding exceeds the current average monthly level of funding for such grantee/action.

These procedures are effective this date and shall continue in effect until further amended.

JANUARY 31, 1973.

Memorandum for all Assistant, Associate, and Regional Directors.

From: Howard Phillips.

Subject: OEO continuation of hiring and promotion freeze.

In his statement of December 11, 1972, the President froze all new civilian hirings and promotions by executive agencies, indicating that the freeze would be relaxed at the time of the transmittal to the Congress of the new budget only to the extent permitted by revised spending goals for fiscal year 1973.

The new budget, transmitted to Congress this date, provides for the delegation to other executive agencies of most OEO programs, for the termination of others, and for the dissolution of the agency at the end of the current fiscal year, June 30, 1973.

Consistent with the budget message and with the intent of the President to effectuate a necessary reassignment of executive agency functions, *the freeze on hirings and promotions will be continued at OEO until further notice*, effective this date.

Any exceptions will have to be approved on a case-by-case basis by the Office of the Director.

In addition, the following actions are necessary to assure an orderly transition:

a. Transfer of personnel among Offices must have approval of the Office of the Director.

b. All positions currently vacant and those that become vacant revert to an agencywide pool; Office ceiling allocations are correspondingly reduced.

c. Actions to secure outstanding performance awards will be suspended for the time being.

d. No new training authorizations will be issued unless essential to the completion of previously agreed upon general programs.

RESTRICTIONS ON TRAVEL AND ADVANCE ANNUAL LEAVE

JANUARY 31, 1973.

This notice is effective until superceded or rescinded.

Effective February 1, 1973, no travel or transportation, by blanket authorization or otherwise, shall be authorized for any Headquarters officer or employee without the prior written approval of the Acting Director. Local travel may be authorized by an Assistant or Associate Director only within the immediate area of the Headquarters office.

Effective February 1, 1973, and until further notice, annual leave which has not yet been earned by the employee shall not be approved.

HOWARD PHILLIPS, *Acting Director.*

Mr. HAWKINS. We do appreciate the contribution to this subject. I think this has been the only testimony we have had from this viewpoint. Thank you very much.

Our next witness is Mr. John Vigil, chairman of the board, Adams County Improvement Association, Colorado.

STATEMENT OF JOHN VIGIL, CHAIRMAN OF THE BOARD, ADAMS COUNTY IMPROVEMENT ASSOCIATION, COLORADO

Mr. HAWKINS. May I indicate to the witnesses that we have about 20 minutes left. So, if you have a long statement, it would simply deprive others. I hope you can accommodate the committee so we can try to cover all the witnesses.

Mr. VIGIL. Thank you, Mr. Chairman.

For the benefit of the distinguished members of the Subcommittee on Equal Opportunities, my name is John H. Vigil. I live in Adams County, Colo. Professionally, I am known as a school principal. I am also the editor of the only local magazine that services a Chicano community so I feel that I have better than a bird's-eye view of the needs of the community.

I am here specifically to represent the poor of Adams County in the State of Colorado. I am also here to officially oppose the reorganization of OEO by the present administration of this Nation.

As I find it not to be in the best interest of the people that I represent. This drastic and radical proposed treatment of the poor does not seem to be in line with the spirit of what a democratic government is all about.

The concept of OEO, I feel, is basically sound and clearly needed by many areas in our country. I have prepared numerous statistics, however, in view of time, I am sure that those can be found in the 1970 census relative to the State of Colorado.

It is sufficient to say and it is alarming to note that one of every three mothers at home alone with children lives under the poverty line in our State. It is not much different in our county. It is also alarming to note that the median income, below the poverty level, is \$1,900. That is also appalling.

I believe we have the best government in the world. Each day as I walk down the hall and see that everyone has come in, I am immensely proud when I see our children, 700 of them, pledging their allegiance to our country and our government and to our philosophy of life. It gives me special pride because only 15 years ago I was a welfare recipient. So, most of my life I have worked with or in the poverty areas. Most of my life I have seen people who are tremendously hopeful and have a great deal of faith in what is going to come. Most of the time I would have to say that they lose that faith, they lose that hope and they become complacent, apathetic, and uninvolved, existing individuals. However, that has not been the story, Mr. Chairman, with the Community Action agencies that I have seen and in my role as board chairman, I have done my best to view as many as I possibly could. I must submit to you that it is gratifying, it is heartwarming, to see the tremendous participation on the part of many poor individuals. I have seen three hundred parents get out and go and find ways of finding bus transportation for their children. I have seen hundreds of children turn out to find food and gifts for children at Christmas time.

I have seen children and adults and the community at large and even private individuals join together to provide basic transportation in a county where there is no bus transportation for citizens who are elderly. I have seen the junior chamber of commerce under Project Mainstream get out and pledge \$55,000 for a transportation for elderly citizens with \$3,000 of seed money.

That, I think, is good. It also should be noted that I had brought the report on 591 CAP agencies. However, I believe that that has been dealt with much more completely than I can by many well-qualified people. I would only say that it is a tragic omission on the part of the

administration when they will not take their own report and read it before they start addressing the American people.

I would like now to turn to another point in my remarks relative to planning in the State of Colorado. A lot has been said about revenue sharing, Mr. Chairman, and on September 13 through 15 of 1972 at the University of Colorado, the Colorado Department of Planning summonsed all of the planning officials within the State. I understand that many planning commission officials, many county officials and city officials attended this particular session. Only one person represented OEO at this particular planning session.

May I also add that this session was prompted by the fact of revenue sharing. These gentlemen proceeded to set forth and lay down statements of concern and priority. It should be noted that they recorded 490 statements of concern and priority. Of those statements 375 related to the environment, to growth and transportation.

Going on, 66 related to the planning process in government; 25 showed an interest in local control; 8 statements related to economic development; 16 could possibly be construed to have an interest in social services. However, education statements were included in those 16.

Now, this committee worked for 3 days and summarized those 490 concerns and priorities into 20. Of the final 20, not 1 single statement or concern of priority for the State of Colorado's future planning was designated to services for the poor, not 1 single statement.

Unfortunately, I do not have other copies but I do have my copy of that summary statement. I would be glad to share that with your committee, if you would like it.

Mr. HAWKINS. If you file it with the committee, we certainly would like it.

Mr. VIGIL. Thank you.

If I could just summarize for one moment, on the basis of the board and the composition of the board, I have seen very tremendous cooperations and efforts made. We have a 24-member board, one third of it from the poor or the poverty sector, one-third from the private sector and one-third from the public sector.

We have from the Public Service Co. to the guy on the street, such members. We have a very diverse group of people.

I must say and I am proud to state that, in spite of that diversity a great many things have happened for economic development, many things have happened for housing. Many things have happened for Head Start. Many things have happened for senior citizens and many things have happened for legal assistance.

I will not attempt to go through those although I was prepared to do that. It will suffice to say that the last 2 years of my life devoted to service and advocating for the poor have been 2 of the most gratifying years that I have ever had.

I would venture to say that there are many, many people out there who feel the same way.

I urge Congress to reject the senseless, irresponsible action omitting, to destroy, to eliminate the involvement and the participation of the poor in their fate and in their government. I ask you to reinstate OEO until such time as a reasonable transition can take place.

Thank you.

Mr. HAWKINS. Thank you, Mr. Vigil.
[The documents submitted by Mr. Vigil follow:]

SEMI-FINAL CONFERENCE STATEMENT, 15TH ANNUAL INSTITUTE FOR PLANNING
OFFICIALS

Participants in the 15th Annual Institute for Planning Officials, meeting at the University of Colorado (Boulder Campus) on September 13-15, 1972, drafted the following statement regarding the future of planning in Colorado. The statement is a result of small group discussions and a plenary session conference meeting, but it should not be considered a unanimous document of the conference.

There has been a tremendous amount of planning done by various governmental agencies. There has been a general expression of the lack of effective commitment past years.

There has been a general expression of the lack of an effective commitment to the coordination and direction of that planning at a time when Colorado is having to deal with rapidly expanding problems of people pressures, and a limited supply of raw materials—land, water, and air—to accommodate those pressures.

The years of irresponsible, youthful, and expansive growth must end, and a mature, adult society must face up to the responsibility for the implications of its actions.

The recommendations which follow suggest specific changes which can reflect that new maturity.

CONFERENCE STATEMENTS

1. The tax laws of the State of Colorado create undesirable and unnecessary pressures on the development of a rational land use pattern throughout the state. Subsidies presently exist that encourage inadequate and unsafe housing, encourage land speculation, and result in an inefficient delivery of community services to the population. A thorough study should be made of the existing tax structure and action taken to correct existing inequities and to develop new incentives for better planning the maintenance of existing communities, the preservation of agricultural and natural open space, and encouragement of land uses which reduce the cost of the delivery of community services.

2. Establish State environmental protection agency with full enforcement powers and working through regional and local planning authorities. Provide incentives for non-polluting industries and stiff penalties for polluters.

3. Redetermine interior political boundaries to coincide with natural boundaries and drainage areas to effect fewer units of general local government.

4. Establish a task force composed of highly qualified citizens from all factions of the State to prepare a set of long- and short-term goals for the State and prepare a policy plan for the State to achieve its goals. Then the State should take official action to implement the plan.

5. Urge industry to relocate in sparsely populated areas of the State by granting tax credits over the first few years to help absorb the cost of moving.

6. Require all State agencies to prepare and distribute environmental, social, and economic impact statements on proposed programs for evaluation by affected communities and other State and Federal agencies, and the State planning agency.

7. The State should be directed to provide the various regional, county, and local governmental entities with technical and financial assistance to establish open space policies, plans, and programming processes statewide.

8. Create enabling legislation and assistance in funding for statewide, regional, and municipal land banks.

9. Restrict the creation of water and sanitation systems outside of the contiguous growth patterns of areas that are capable of providing urban services according to the adopted comprehensive plan.

10. Consolidation of all statewide planning into a single state planning agency responsible for developing planning criteria, and conducting planning in areas of land use, environment, health, criminal justice, transportation, utilities, resources, population, recreation, open space and housing. Fiscal planning also requires legislation that all levels of government carry out the above planning functions.

11. Develop an efficient (from every viewpoint—culturally, ecologically, socially, and economically), statewide coordinated comprehensive public and private transportation system between significant points with a minimal impact on the environment. Develop a comprehensive state transportation plan utilizing

alternate forms of transportation and downgrade reliance on the automobile including diversion of highway construction funds to other forms of transportation.

12. Establish allocation of water within Colorado as a State function. Recognizing there should be no further transmountain (continental divide) diversion of water, determine the development potential of the eastern and the western slopes based upon each slope's remaining available water resources.

13. Education and communication are necessary requirements for effective planning. The State Planning Agency must establish and maintain communication and coordination with other planning agencies—local, regional, and national—in order to consider *all* goals when developing plans for Colorado. At the same time, a mass educational program should be conducted by the State, through regional and local planning agencies, to educate the public to the plans being developed and to good planning criteria.

14. The State Government should take the leadership in developing goals and objectives for the State of Colorado, and should consider local, regional, and national goals and priorities in doing so.

15. A diversified economy should be well balanced in each region of the State, with each such region having an urban center of enough scale to act as the political, trade, fiscal social, educational, and transportation center for that region.

16. With regard to governmental restructuring:

a. local governmental jurisdictions that are created should recognize natural physical constraints.

b. substate regions be created based on logical criteria of geographical size, administrative efficiency, and commonality of problems. Designate in each region a planning office responsible for all elements of comprehensive planning with the requirement that all local governments participate. Further, require that state offices be decentralized to serve these regions.

c. establishment of Regional Service Authorities to combine regional planning with implementation.

17. To achieve more effective planning and implementation at the state and local level by establishing a planning, programming, and budgeting function at each level.

18. The natural environment must be viewed and valued as an irreplaceable resource. The disturbance of that resource by the addition of population and their activity should be coordinated with—and limited by—the ability of that environment to accept that activity.

Natural hazard areas—flood plains, geologic slippage zones, high wind zones, and air pollution trap areas should be identified and development limited or avoided accordingly.

New urbanization patterns may then develop which conform with nature—not nature confined by man.

19. Encourage and support the development of a statewide land use planning system which will protect the quality of the overall environment of the state.

20. A firm commitment by the Colorado Legislature, by means of adequate financial assistance, to establish a continuous and meaningful planning process at the *state, regional, county, and local* levels.

DISCLAIMER ON THE MAKE-UP OF THE CONFERENCE

Participants were primarily professional planners and lay members of planning commissions from all levels of government—local, county, regional, and state. Representatives of federal agencies were also present. The lay representatives reflect many backgrounds—housewife, rancher, builder, professional (doctor, lawyer, engineer, etc.). Minority representation was almost non-existent. Low income groups were almost non-existent. Special interest groups, except as represented by an individual who is a planning commission member, were absent. However, the participants are the people who are making the day to day planning decisions throughout the state. Zoning, subdivisions, comprehensive planning, utility extensions, annexations, etc. are being advised on by these people. They are the planning process in Colorado and are closest, aside from the legislative bodies who make the ultimate decision, to the decisions that are determining Colorado's future therefore.

Only one OEO official in attendance.

Does the states have the current capability to plan for, consolidate, and otherwise coordinate human resources programs and services for the disadvan-

tagged? These are activities that CAAs are already performing and are gaining local recognition and formal designated responsibility at the local level.

What do State and local and federally funded planners in my state think are the problems of the state which relate directly to the poor?

At a conference for planning officials held at the University of Colorado on September 13-15, 1972, (96) planning officials were asked to spend three days to develop their statements of priorities for the State. They recorded (490) statements and reduced these statements to (20) in a final general session.

Of the 490 statements made by planning officials:

375 related to Environment, Growth, Transportation

66 related to the Planning process and Government (one statement suggested the abolition of county government)

25 showed an interest in local control

8 statements related to Economic Development

16 could be construed to have an interest in social matters (statements about education are included here)

Of the 20 final statement of priorities, none related to social programs.

Mr. HAWKINS. Suppose I introduce for the record the remaining witnesses and ask all of them to take their seats at the witness table. Then we will divide the time.

That might be the most rational way to do it.

Mrs. Mary Armstrong, former chairman of Head Start Parents Council; Mr. Milton Brown of the New Haven Community Action; Mr. Sanford Wrestler, representing himself; Mr. Robert Marquardt, group vice president, Educational Development Operations of Utah; and Mr. Bernie Diamond, director of program development, Educational Development Operations, Ogden Utah.

STATEMENTS OF MRS. MARY ARMSTRONG, FORMER CHAIRMAN OF HEAD START PARENTS COUNCIL, JACKSONVILLE, FLA.; MILTON BROWN, NEW HAVEN COMMUNITY ACTION; SANFORD WRESTLER; ROBERT MARQUARDT, GROUP VICE PRESIDENT, EDUCATIONAL DEVELOPMENT OPERATIONS OF UTAH; BERNIE DIAMOND, DIRECTOR OF PROGRAM DEVELOPMENT, EDUCATIONAL DEVELOPMENT OPERATIONS, OGDEN, UTAH; DANIEL CANTRELL, CHICAGO, ILL.

I think those represent the only remaining witnesses. Also we have Mr. Daniel Cantrell from Illinois.

Mrs. Armstrong, you are the first one we called. Let us hear from you first.

Mrs. ARMSTRONG. Thank you. I am from Jacksonville, Fla. I am here today to represent the poor people in my community. I would like to state at this time that I am not a paid employee of the CAP agency. Neither is my husband or any member of my family. I am simply here because we feel we need to let Congress know that we are concerned with our CAP agency. There are things I would like to say, but, because of shortness of time, I will say this only: There are hundreds of people that depend on our CAP agency for their jobs, but there are thousands in our community that depend on the services that the CAP agency provides.

I did not finish high school and I was encouraged by counseling that I received from the CAP agency to go back to school, get a GED, and to continue my education. Before this time, I could not find a job and my family consists of my husband and my seven children; at that

particular time, we were trying to live on \$65 per week. You know that that was hard. At this time we have been able to increase our salaries. I have been able to get a job. I am not talking just about myself, I have to make it personal this way because I had to revert from what I had planned. There are other people that I work with every day that have lived this way. Speaking for the people that I represent, I ask you, as a representative of your committee, to not discontinue the CAP agencies across the country.

Thank you.

Mr. HAWKINS. Thank you, Mrs. Armstrong.

Mr. Milton Brown.

Mr. WRESTLER. Mr. Chairman, my name is Sanford Wrestler. Unfortunately, Mr. Brown was unable to come down because of the rail strike.

Mr. Derrick Jones is the agency general counsel. I have a few brief remarks which I think may be of some interest.

Community Progress was the first community action agency established in this Nation in 1964. Prior to the enactment of the Economic Opportunity Act, Community Progress began in 1962 by virtue of a \$5 million Ford Foundation grant. The propose of this grant, as you undoubtedly know, was to establish a better vehicle for the delivery of services to the poor. It was developed under the leadership of Mayor Richard C. Lee of New Haven, Conn. The programs which the agency has developed early in its career have subsequently become models and have been adopted on a national basis.

Some of these programs are Project Headstart, the Neighborhood Youth Corps, and the Neighborhood Employment Center, all of which were developed in New Haven as pilot programs under the Ford Foundation grant. CPI utilized its Ford Foundation resources which were \$5 million over a 2-year period and parlayed these into a \$5.5 million annual budget which is comprised of funds from the U.S. Department of Labor, HEW, OEO, and the State department of community affairs.

In the initial stages of our agency most of the program that we developed was administered by traditional agencies within the community, within the city government such as the police department, board of health, park department, and so on. We found, unfortunately, that, as a result of our investment in traditional agencies, that we did not reap dividends. It did not give the poor a chance to participate in the decisionmaking processes of programs which would, in effect, permit them to control their own destinies.

So, our board was expanded to include representatives of the poor prior to the enactment of the Green amendment in 1968. At the present time one-third of the representatives of our board are members of the poor community. We feel that we have made a total commitment in New Haven and we feel that our process of decentralizing services to the poor has paid extremely high dividends.

We have program in the area of drug addiction, alcoholism, day care, early childhood education, and so on, and we serve 30,000 residents of our inner city areas and we employ 500 poor people.

I would just like to summarize my remarks and note to you that it was the original intent of Congress, and I think it is a paradox now, to provide a decisionmaking role in the OEO legislature for repre-

sentatives of the poor. In this instance, the poor are assured by law of this decisionmaking process.

Unfortunately, the Nixon administration professes to leave the role of decisionmaking by the poor as a local option. We consider this a callous disregard for the needs of poor people. The revenue sharing plans do not provide ample funds for the CAP agencies. Even the most cursory review of the general revenue sharing funds will illustrate that.

In New Haven, CPI has a budget of \$5 million. The amount of revenue funds coming into the communities are \$2.9 million. Obviously there is going to be a tremendous loss of services. On a community basis when you include the nonhuman services, education, health, and so on, it amounts to an excess of \$20 million. Local government can not afford to do this. Unfortunately, in our community, Mr. Chairman, there has been a callous disregard by local government for the needs of the poor. Unfortunately, we do not feel that the poor can turn to City Hall in our community for any of this assistance. The problem up until now has been one of a closed-door policy, a policy which we feel will not permit the continuance of even a basic level of services to our constituency.

I would ask you as chairman of this committee, to consider our recommendation, that OEO be maintained in fact, that OEO not be relegated to the scrap pile, that it not be considered to be a stepchild, that it be given legitimacy in the administration and that it be permitted to carry out the programs which we feel are so essential to urban life or as has been said several times before, we do fear for tremendous social upheaval in our communities and communities throughout the country. I thank you for this opportunity. I would like to make one more point and that is that we would greatly appreciate and extend an invitation to this committee in its field hearings to visit New Haven which was the first in the country.

Mr. HAWKINS. We will consider it. Would you care to have the testimony of Mr. Edmonds entered into the record at this time?

Mr. WRESTLER. Very much so.

[The testimony of Mr. Edmonds follows:]

STATEMENT OF EDWIN R. EDMONDS, PRESIDENT, COMMUNITY PROGRESS, INC.,
NEW HAVEN, CONN.

Mr. Chairman, and Members of this Committee, my name is Edwin R. Edmonds. I reside in New Haven, Connecticut, and am the President of the Board of Directors of Community Progress, Inc. (CPI). I am the Minister of the Dixwell Avenue United Church of Christ. In my capacity as a community leader, I was a founding member of the first Community Action Agency created in this country. I have served on the Board of Directors of Community Progress, Inc., from its inception in 1962. During my tenure as a member of the Board of Directors, I have served as the Chairman of the Program Operations Committee and am currently serving, in a second term, as President of the Board of Directors.

CPI was created in 1962 as a result of a \$5 million grant from The Ford Foundation. The purpose of the grant was to establish an innovative and responsive vehicle, to deal with the problems of poverty in the City of New Haven. At the time of CPI's creation, as a private non-profit corporation, the Mayor of the City of New Haven was keenly aware of the myriad of problems confronting the poor in our community. Under the astute political leadership of Mayor Richard C. Lee, CPI was mandated to begin developing programs to restore some semblance of hope to the thousands of impoverished residents of the City of New Haven. CPI responded to this mandate by assembling the most talented group of human resource development planners available. The programs which

emerged, prior to the passage of the Economic Opportunity Act of 1964, have become national models in the areas of education, employment, and community organization. CPI developed and implemented the first Head Start Program in the nation, the first Neighborhood Youth Corps Program; and the first comprehensive neighborhood employment and training project. These programs were all in operation in New Haven prior to the designation of CPI, in 1964, as a Community Action Agency by the Office of Economic Opportunity (OEO).

CPI utilized, its Ford Foundation resources and expertise, to parlay its five year Ford Foundation grant into a \$5.5 million annual pool of resources from such funding sources as the U.S. Department of Health, Education and Welfare, the U.S. Department of Labor, and the Connecticut Department of Community Affairs, as well as OEO.

Initially, most of the programs developed by CPI were administered by traditional agencies within the City, such as the Board of Education, the Department of Health, the Department of Police Services, the Department of Library Services, the Department of Parks and Recreation, and the State Employment Service, to name just a few. On the basis of the evaluation of the programs and services offered to the poor, by the City agencies which I have just mentioned, it was determined that they had not been responsive to the specific program needs of the poor. More significantly, it was concluded that these City agencies had not permitted the poor to participate in the decision-making processes which affected the programs designed to serve their needs. Consequently, in 1965, the Board of Directors of CPI was expanded to permit direct representation of the poor in a policy-making capacity. As a result of the involvement and dedication of these initial representatives, of the many thousands of impoverished residents of the New Haven community, CPI was reshaped and its priorities were reordered. However, unlike the Nixon Administration, our priority reordering and reallocation of resources were designed to provide, directly to the poor, the funds required to enable neighborhood-based, self-help programs to emerge.

In 1968, the Board of Directors of CPI voted to embark upon a formal process of decentralization, in order to provide even more resources, than were previously available, directly to the poor. You must understand, ladies and gentlemen, that CPI has made a commitment to the poor which it intends to fulfill. My Agency has placed its confidence in the ability of poor people, of all ethnic backgrounds, to design and implement programs that can truly alleviate the pain and suffering of poverty. This confidence has been amply rewarded by virtue of the establishment, in New Haven, of a network of approximately 50 neighborhood-administered human resource programs. These programs function in the areas of health, alcoholism, drug addiction, education, early childhood development, vocational counseling, job development, vocational training, recreation, family planning, and community organization. The programs employ nearly 500 poor people and serve a poverty population of approximately 30,000 inner-city residents.

As you are aware, in 1967 Congress passed the Green Amendment to the Economic Opportunity Act of 1964. This Amendment was designed to legally insure that representatives of the poor would serve on the policy-making bodies of Community Action Agencies. It specifically required that at least one-third ($\frac{1}{3}$) of the directorships of such boards be allocated to representatives of the poor. I would like to point out to you that the intent of Congress, in enacting the Green Amendment, was to make certain that the poor, throughout our nation, would be entitled to play a meaningful role in determining their own destiny. I am happy to note that, as a result of its early experiences, CPI determined that the role of the poor, in a policy-making capacity, was essential to the success of the community action concept, three years before Congress amended the Economic Opportunity Act.

I would now like to direct your attention to the obvious paradox which exists between the Congressional intent, concerning the role of the poor in anti-poverty programs, and the proposals of the Nixon Administration relating to human resource development. In the former instance, the poor are assured, by law, of a decision-making role in the entire human resource development process. In the latter instance, this role is left to be defined by the whim or option of local government. The same local government, which in my community, presently evidences a callous disregard for the needs of the poor.

The Nixon Administration proposes to completely eliminate community action programs. It further proposes to replace resources, currently allocated to OEO, by a vague plan of Federal Revenue Sharing. Further, the Nixon Administration

proposes to permit local governments to decide what priorities to ascribe to the needs of the poor. In effect, the Nixon Administration's proposal for Revenue Sharing is a cruel hoax on the average taxpayer, as well as the poor. Even the most cursory review of the General Revenue Sharing Program, now in effect, and the proposed Special Revenue Sharing Programs, will evidence the fact that there will not be sufficient resources to even maintain the current level of human resource and economic development programs, much less provide for a vitally needed expansion of these programs. President Nixon has betrayed the poor; he has not kept his promise to maintain programs for poor people. But, he has insidiously, by means of slight-of-hand tactics, virtually eliminated human resource development programs, by providing inadequate funds and by then having the temerity to force local governments to equate the needs of the poor with higher taxes. All of these incredible tactics, ladies and gentlemen, are taking place in a so-called peace time economy, with the full awareness that local governments are in serious financial trouble and will, unquestionably, use these unrestricted revenue sharing sources to stabilize or lower taxes. President Nixon has succeeded in just one thing, and that is to shift the responsibility, for the elimination of poverty in our Nation, to that segment of government which is least equipped and inclined, financially as well as technically, to deal with it. As strange as it may seem, I am compelled to feel sorry for the chief executives of the cities and towns of our country who will be forced, in some instances, unwittingly, to carry with grossly inadequate resources, the tremendous burden of the needs of the poor.

I would like to return, for a moment, to the role of a Community Action Program, for I feel, that by so doing, I can best illustrate how community action programs have been the advocates of the poor. In New Haven, CPI has carefully evaluated the progress of its neighborhood-based anti-poverty efforts and has concluded that they have been successful in attaining their stated goals and objectives. Those programs, which have been of little or no success, have been curtailed. However, these resources have been reallocated, not eliminated as proposed by the Nixon Administration.

Inasmuch as Community Action Agencies are generally not part of the City government, they have been able to function in an apolitical fashion, which I believe has insured their success. Services and resources are not provided on the basis of political affiliation or partisan contributions but, rather, upon the basis of demonstrated need and the capacity to implement solutions to meet that need. However, the Nixon Administration proposes to permit local governments to dole out anti-poverty resources like so much political patronage, if resources are doled out at all. The Nixon Administration proposes to polarize the community, by pitting the average taxpayer and his needs against the needs of the poor. Most assuredly, what will result will be the inevitable loss of any advocacy role within City government concerning the needs of the poor.

As I mentioned earlier, ladies and gentlemen, the primary reason for the establishment of the Community Action Program, as funded by OEO, was to overcome the insensitivity and the lack of the capacity to deal with the problems of the poor by local government. It is strange, indeed, that in an instant, the Nixon Administration concludes that sensitivity is now present at the local governmental level and that the capacity has now been developed, even though there will be insufficient resources to undertake the task. Again, this is part of the cruel hoax which the Nixon Administration proposes to foist upon the citizens of our Nation.

Lest I appear to be too critical of local governmental structures, I think it is worth noting that there are many local governments which have evidenced an awareness of, and sensitivity to, the needs of the poor. However, such concerned local governments will find themselves in the unenviable position of having to equate the needs of the poor with an increase in property taxes. This certainly places an unfair and politically untenable burden upon concerned local elected officials.

In the City of New Haven, the elected officials have indicated that a portion of the \$2.9 million in Revenue Sharing funds received by the City, thus far, will be utilized to reduce the local property tax. As I previously noted, CPI's current annual budget is \$5.5 million. Therefore, it should be apparent to all that there is very little possibility that the programs, currently administered by CPI, will be continued under the President's proposed reordering of social priorities. What is not doubtful, however, is the fact that, in the City of New Haven, 11 years of meaningful social and economic progress will, in a few short months, be reduced to almost nothing.

The elected officials of the City of New Haven have not developed any plans for the continuance of the programs begun by CPI. Further, these same officials have evidenced a lack of concern for the problems of the poor and have maintained a closed door policy in this respect. CPI has never received financial assistance from the City, in order to expand its programs, as has been the case in other communities. By the same token, in an attempt to make the City more responsive to the needs of the poor, CPI has provided approximately \$1.5 million per year to the local government for certain human resource projects. I am unhappy to report to you, however, that our investment, in the current City administration, has not paid dividends. And, as I noted to you earlier, it does not appear that the Nixon Administration's approach to the solution of our social problems will result in any change in attitude of the elected officials of the City of New Haven. It is indeed ironic that a cooperative approach to the problems of the poor has not developed between CPI and the current officials of our City, particularly when such a productive relationship existed several years ago. I make this point to illustrate that the President's announced policy, concerning social and economic programs, does not distinguish between communities which have developed effective working relationships with the poor and those which have completely ignored the problem.

Ladies and gentlemen, I have been a close observer of the urban scene for the past 11 years. Therefore, I feel qualified to state that this country will suffer dire consequences in the form of social unrest, or should I say, upheaval, within its cities and towns, should the Nixon Administration be permitted to implement its senseless and inhumane budgetary recommendations. I call upon the Congress, and this Subcommittee in particular, to use every available mechanism to thwart these proposals. I further call upon you, as representatives of the people, to act with dispatch and vigor, in order to prevent a feeling of pessimism and despair from pervading the families of the 25 million poor in this country. Specifically, I hereby recommend that OEO be maintained intact, with appropriate legislative assurance that it will never again become the scapegoat or stepchild of an administration, so long as the problem of poverty remains a reality in this great country.

Thank you for the opportunity of presenting my testimony to you. I shall be happy to answer any questions which you may wish to raise at this time.

Mr. HAWKINS. Mr. Marquardt and Mr. Diamond, I have to apologize to you.

We have had such a hectic day. I hope you can come back and speak to us about this. We have heard many statements here, and we will be glad to hear from you at this time or any way you would like to handle it.

May I say to all of the witnesses, we will keep the record open for any statement you would like to enter. If there is any additional testimony you would like to offer, we will be very glad to accommodate you.

Mr. DIAMOND. Mr. Chairman, how long will the record remain open?

Mr. HAWKINS. Would a week be all right?

Mr. DIAMOND. A week will be excellent, sir.

Mr. HAWKINS. We will keep the record open for a week.

Mr. MARQUARDT. Very briefly, I am a group vice president with Thokol Chemical Corp. over educational development.

Mr. Diamond is program development educational operations. Years ago we initiated new plants in urban areas and ghettos and new plants in rural areas, by assisting in manpower training in every State in the country. In the last 8 years we have had students, adults, children, many babies, in all of the States. We have had trainees from over 50 reservations.

So I mention that only as an overview of our credentials in the manpower area. We have trained and assisted in placing over 40,000 students on to jobs. We have sent over 500 students on to college and

we have also granted thousands of GED's and high school diplomas.

We are here today because we are concerned over what we have heard is a very inexcusable cut in the Job Corps budget.

To reduce the Job Corps from over \$200 million to \$121 million signifies to us that it is no longer a viable program.

That this cut is perhaps only step 1 of two cuts for the termination of Job Corps. Job Corps serves the 16- to 21-year-old young men and ladies across the country who not only need educational and vocational assistance but assists those who need sociological and psychological education.

It is a little bit different from any of the other manpower training programs in that it is not just a matter of educational or vocational training and placing on a job. These students are absolutely lost to our Nation if we do not give them sociological and psychological training. We run a large urban center in Clearfield, Utah, and also a residential women's center in Atlanta, Ga. We have seen the results, George Forman is just one of the success stories. There are thousands of success stories of Job Corps that I believe will surface in the weeks to come to clarify the return on investment of Job Corps. The Office of Management and Budget, I think, has taken some erroneous information that is certainly fragile in terms of evaluating the effectiveness of manpower training.

They have quoted a review of research on impact on the poor, a staff study prepared for the use of the Subcommittee on Fiscal Policy of the Joint Economic Committee of the Congress of the United States November 20, 1972, as a reference point in the terms of effectiveness of Job Corps. The data again I state are very fragile and does not hold water.

It is based on 1966 data. I would certainly like your committee, Mr. Chairman, to take a look at the true results of Job Corps, not just in terms of jobs, but in terms of the sociological and psychological impacts of the program.

The number of Corpsmen who have gone back into high school or college, that have gone into the armed services, are all given.

I will now pass on to Mr. Diamond for a few comments on the economic aspects of Job Corps versus other programs and our recommendations.

Mr. HAWKINS. May I say that if any of the witnesses have already testified and have a time element and wish to leave, it is certainly all right to leave.

Mr. DIAMOND. There are many discussions about the high cost of Job Corps. We can only relate to our present contracts. Our present contract calls for a per-man year cost of \$5,277. This is a residential program, doing everything, fixing teeth, providing food, housing, a full complete community type of service, full residential as compared to some of the others.

On top of that must be added approximately \$1,200 to cover travel and allowance. I am referring to per man-year for a total cost of \$6,477. Even at that figure we must take into consideration that the young men and women who go to our centers are there for an average of six to seven months so a more true cost is about \$3,277.

On top of that must be added the overhead of the National Job Corps headquarters and the regional offices.

But we believe that all agencies supervising servicing manpower training programs have similar overheads which are consistent with the Job Corps so we are only talking about the operational portion of it. That is a low cost investment. One comment is that people we are serving are third and fourth generation welfare recipients. If Job Corps does not exist, and these people are not shown a better way of life, the only option is to remain on welfare, meet a poverty-stricken girl down the street and raise five or six poverty-stricken children and the cost is \$500 to \$600 a year to keep an individual on welfare.

If a man decides to pick up a gun and hold up the corner grocery store, they are caught and put in prison and it costs \$29,000 to keep a man in prison for a lifetime. Compare that to \$2,900 to give him vocational education and repay the investment to the community.

In conclusion, we would urge the continuance of the Job Corps as a national program funded in the Federal budget in the amount of at least \$194 billion to do at least a part of the job that needs to be done.

Mr. HAWKINS. Thank you.

I really appreciate the manner in which the witnesses have cooperated. I wish to apologize to the last witness who was not heard. I understand that you have a statement that we can enter into the record in its entirety.

Mr. CANTRELL. I would like to identify myself. I am Daniel Cantrell, the current president of the National Association of Health Centers. I do have a prepared statement that I would like to enter into the record.

[The prepared statement follows:]

STATEMENT OF F. DANIEL CANTRELL, PRESIDENT OF THE NATIONAL ASSOCIATION OF NEIGHBORHOOD HEALTH CENTERS AND PRESIDENT OF MILE SQUARE HEALTH CENTER, INC.

My name is F. Daniel Cantrell. I am President of the National Association of Neighborhood Health Centers, which represents more than 300 neighborhood health centers around the country and the approximately three million people they serve. I am employed as President of one of the largest of these centers, Mile Square Health Center, Inc., in Chicago.

I would like to thank the Committee for this invitation to appear before it on behalf of the people I represent, and for giving me this opportunity to express our views.

Let me begin by saying that the National Association of Neighborhood Health Centers is shocked and dismayed by the efforts of the present Administration to arbitrarily dismantle the Office of Economic Opportunity, thus depriving millions of poor people across the country of access to the essential services which this agency has been providing in an outstanding fashion over the past years.

The National Association of Neighborhood Health Centers firmly supports the testimony and analysis put forth earlier before this Committee by Mr. Wayne Kennedy, President of the National Council of OEO Locals, American Federation of Government Employees Union, AFI-CIO.

We share very strongly the opinion that any attempt to dismantle OEO without Congressional approval is in clear violation of federal law and is basically a criminal action.

In the area of health care, which is of primary concern to our association, OEO has pioneered a system of access to the health delivery system for medically underserved persons whose care had previously been episodic or non-existent. That system and the lives of millions who have depended on it for their health care, is now in grave jeopardy because of the Administration's decision.

The current situation has sharply delineated the overriding need for separate uniform legislation at the federal level to fund and support the work of neighborhood health centers. At present, the Administration's plan calls for transferring those health centers funded by OEO to the Department of Health, Educa-

tion, and Welfare, which also funds a large number of neighborhood health centers. However, there will be no transfer of funds, so that HEW will be forced to fund a greatly increased number of facilities without any increase in its budget. There can be no speculation about what the inevitable results of such a situation must be: Many centers will simply go by the boards, leaving their patients with few, if any, alternative sources of health care. In inner city areas it will mean going back to hospital emergency rooms. In rural areas it will mean no care at all. Those health centers that will be able to survive will have no choice but to cut back services. There will be fewer physicians, fewer nurses, and less technical support. Inevitably there will have to be a breakdown in the quality of care which we have been striving over the past eight years to build up.

We submit for your attention, a position paper on the need for such legislation prepared by our Association.

THE NEED FOR NEIGHBORHOOD HEALTH CENTER LEGISLATION

Introduction

During the past six years, almost 300 Neighborhood Health Centers have been in operation in 44 states and the District of Columbia. These centers have provided comprehensive health services to about 3 million people. The establishment and operation of these centers has been largely dependent on federal grants from these sources: HEW, OEO and more recently, the HUD under the Model Cities Program. The present administration has announced that OEO will be phased out by the end of this fiscal year and that the OEO comprehensive health care center activities will be transferred to HEW.

To date, Neighborhood Health Centers have received grants through section 314e of the Health Partnership Act. This section originally authorized the Surgeon General to make project grants to public and non-profit agencies for providing health and health-related services to underserved areas and for developing and supporting new health service programs.

The original purpose of federal funding under 314e was to develop health and health-related services. Medicare and Medicaid payments were expected to provide adequate financing for the continuing operating costs of the centers.

This has not proved to be the case.

"Even the most successful efforts by Health Centers to obtain Medicaid, Medicare and other private third-party funds have resulted in reimbursements for only 5 percent or so of their budgets." (1)

States have reduced Medicaid benefits rather than expanding them, and the present administration has proposed increasing the co-insurance and deductibles for Medicare. In future years, third-party payments from Medicare and Medicaid will probably comprise an even smaller percentage of the operating costs for Neighborhood Health Centers.

It is clear that the Neighborhood Health Centers cannot provide comprehensive health and health related services without funding from sources other than Medicare and Medicaid. If grants were terminated, most centers would close. The remaining Centers would be forced to restrict their services to only those reimbursable by Medicaid and Medicare. In effect, *comprehensive health care* would be ended because of the limited benefits provided by third-party payments.

Section 314e to date has provided most of the necessary funds to develop and operate Health Centers. There are two serious limitations to this legislation. First of all, existing legislation does not provide for continuing long-term operation. Second, the grants are for a limited period of time, and funding for many Centers will expire at the end of the current fiscal year. Neighborhood Health Center grants would then be terminated altogether.

In order to ensure the ongoing operation of comprehensive health care centers, legislation specifically providing funds for their planning, development and ongoing operating expenses is required until some form of national health insurance is passed. The legislation should provide continuous support for Neighborhood Health Centers until such time as they receive funding from alternative sources and as long as there is a demonstrated need for the services they provide.

More than half a billion dollars has been provided for development and implementation to Neighborhood Health Centers, other local projects, and children and youth services. Without specific legislation for planning, development and ongoing operating expenses, this investment in comprehensive health care would be wasted if the Department of Health, Education, and Welfare terminates the grants. New legislation would ensure that the centers could continue to operate.

It would also stimulate development of additional comprehensive Health Centers in medically underserved areas in all the states. This legislation could either be an amendment to 314e or a separate bill.

The Neighborhood Health Centers have provided services to about 3 million people who otherwise would not have obtained services or at best would have obtained inadequate services. A brief review of their experiences over the past few years will indicate general outlines for legislation stimulating the development of new centers and providing funds for continued operation of existing centers.

Nature of Neighborhood Health Center Programs

The Neighborhood Health Centers have provided a comprehensive ambulatory health care system which encompasses many health and health-related services not covered by third-party financing. They have been able to provide these services because their funding has not been limited to third-party payments. In addition to medical and clinical primary care, centers have provided services such as x-rays, laboratory tests, dental care, mental health, home care, drugs and glasses, child care, transportation, nutritional, social and educational services and home care community outreach services.

Unlike the fragmented specialty approach found in hospital outpatient services, the characteristic orientation of Neighborhood Health Centers has been toward treating the whole family in a *continuous manner*. The emphasis has been on providing services for all residents in one setting.

"At the Watts Multipurpose Health Center for example, families receive medical care, emergency food allowances, assistance with housing, food purchasing and preparation, clothing and furniture purchasing, welfare transportation, employment and legal aid." (2)

Health care teams working in the Centers coordinate clinical and medical services so that multiproblem families can receive help in a *comprehensive manner*, rather than shuttling from agency to agency, or doctor to doctor.

The Neighborhood Health Centers have been responsive to community needs partly because community residents participate on advisory boards and because over half the staff of the Centers are residents of poverty neighborhoods.³ Community involvement through employment and advisory boards has meant that the Centers have emphasized development of services tailored to the individual communities' needs. They have explored new patterns of care and have developed new health personnel, for example, family care, nurse practitioners, physician assistants and home health care aides. These innovations in staffing have enabled the Centers to provide a wide range of services and point the way toward developing *more economical and efficient delivery systems* of health care in which doctors and other health professionals are relieved of many time consuming tasks and can concentrate their efforts on medical and clinical aspects of care.

In addition to providing a family setting for comprehensive, preventive and clinical care, the Neighborhood Health Centers have developed on-going links to other parts of the health care system. More than half the medical schools in the country have been involved in the Center programs. Hospitals in the communities have participated in setting up referral systems. Other health provider organizations such as nursing schools, as well as hospitals and medical schools, have been active in research and para-professional training.

Registrants in Neighborhood Health Center Programs

Neighborhood Health Centers serve persons living in low income urban and rural areas. Even in poor neighborhoods, families below the poverty index tend to account for only 40-60 percent of the population. The Centers must serve the neighborhood as a whole, without regard to income level. Further, it appears that the health conditions and practices of neighborhood residents tend to be quite similar, regardless of income. (4)

The Department of Health, Education and Welfare has not imposed rigid income limitations for registrants in its demonstration grants. The participation of all residents in a neighborhood is essential because they share common health care patterns. Registrants have shown over the past few years that they readily adapt to an appointment system and readily participate in decision-making about their health care, in particular, the preventive aspects of care. These features of Health Center organization correspond to traditional patterns of private practice rather than to those of "charity care." In short, the centers have demonstrated that their health care system does not conflict with traditional patterns. Consequently, they can serve all neighborhood residents—regardless of

their income or previous source of health care—since there is no conflict in delivery patterns.

A recent study of the OEO Neighborhood Health Care Program shows that the Centers registered more than half of all eligible families and two-thirds of eligible individuals in their target areas. (5) The percentage of registrants is very high since the centers had only been in operation for a few years and since some Centers had to close registration due to limited resources. Clearly, *the Centers have been very effective in their outreach program.*

The data on previous sources of care for these registrants "could very well indicate that the Centers were attracting patients away from overcrowded out-patient departments and emergency rooms as well as providing care to those who had not been receiving any, rather than attracting patients away from private physicians." (6) "One-quarter of the registrants indicated that they had no usual previous source of care, and about half had used hospital out-patient departments as their previous usual source of care. Only one in four registrants had previously used a doctor for primary care. Thus it appears that the Centers are *supplementing* rather than competing with existing resources." (7) They are serving people who otherwise would not have received comprehensive health care.

A comparison of registrants with non-registrants in neighborhoods served by Health Centers indicates that persons most in need of health care use the services. (8)

Effects and Quality of Care in Neighborhood Health Centers

There has been general agreement in the studies on Neighborhood Health Centers that "the Centers are generally doing as well as other care systems and *much better on a number of parameters*, particularly those that reflect provision of more than crisis oriented care." (9) The Centers put considerable emphasis on *preventive care*, since many conditions, if treated early enough, will not require hospitalization.

A study covering 21 Health Centers shows that Center users received more care for health problems, "more shots and examinations, had a more recent dental check, and had required less emergency care than either non-users or the control group." (10) These preventive health care measures provided by the Centers can be expected to reduce hospitalization as well as use of emergency rooms.

In the private sector, two pre-paid programs emphasizing preventive and primary care, HIP and Kaiser, have demonstrated that this care results in significantly lower hospitalization rates as well as lower surgery rates. Studies on the effects of care at the Neighborhood Health Centers have also indicated that the use of hospitalization has decreased. For example, "in the Columbia Point Health Program it was calculated that inpatient usage at Boston City Hospital declined 41 per cent during the first year of operation of the Program and an additional 75 per cent during the second year for a total reduction of 84 per cent compared to the year prior to the opening of the Center. It was concluded that one of the most important reasons for this dramatic drop in inpatient utilization was the *Program's effect in preventing conditions from becoming serious enough to require hospitalization.*" (11) Studies on hospitalization rates for projects in Boston, Portland, Oregon, and Mile Square Health Center in Chicago also indicate a dramatic decrease in hospital rates.

One of the problems of most third-party benefits is precisely that they cover more expensive services, particularly hospitalization and in many cases emergency room visits, rather than providing benefits for primary care. This coverage leads to incentives to use these more expensive services, resulting in distortion of utilization. The Neighborhood Health Centers provide primary, clinical and medical services at no cost, thus removing the incentives to use more expensive services. Since the Centers have removed financial barriers to obtaining ambulatory services, registrants use these services. The incentive to use hospital services has been effectively removed. *The total cost of health care is thereby lowered.*

In terms of human costs of sickness, effective primary care coupled with health-related services for registrants have led to an overall improvement in the life of each family and individual.

Costs and Expenditures

Comprehensive medical health care at Neighborhood Centers—with general medicine, pediatrics, obstetrics and gynecology, mental health and dentistry as components can provide treatment for an estimated 80 per cent of family illness. (12) In addition, preventive services further reduce the incidence of seri-

ous illness requiring hospitalization. Home-health visits by center personnel to the chronically ill also tend to reduce hospitalization. In short, *improved ambulatory care can lower the total health bill of our nation*. Studies comparing the cost of providing ambulatory care at Neighborhood Health Centers and at hospital out-patient departments indicate that Neighborhood Health Centers provide as high or higher quality care at competitive costs. (13) "From the standpoint of the quality of services, volume and use of services, and costs, the Neighborhood Health Center is viable and cost efficient." (14)

Centers have developed many innovative approaches to reducing the cost of health care. First of all, para-medical personnel have successfully provided many services which doctors have traditionally provided in other settings, thereby reducing costs. In Pittsburgh, 96% of long-term care management was provided by home health workers in the first quarter of 1972, and Charleston, Albany, and Orange-Chatham also have frequently used nurses and other personnel for this type of care. (15) Several Centers have also used non-physician personnel extensively in providing episodic care. (16) Most of the OEO Centers in the first quarter of 1972 used nurses and other personnel for medical preventive care at least 25 per cent of the time. Orange-Chatham, Albany and Charles Drew used nurses and other personnel for medical preventive care for more than 80 per cent of the encounters. (17)

These innovations in health care have enabled Centers to use their physicians more effectively, thereby lowering costs per encounter. For example, at the Dr. Martin Luther King Jr. Health Center in New York City, nurses and nurse providers are employed in almost one-quarter of all medical encounters. "Their cost declines from \$28.38 to \$21.79 when the influence of these non-physicians medical providers is included." (18)

Neighborhood health services have developed new modes of health care suited to the particular needs of an individual community. Sanitarians have been used in Mississippi. In New York City, registrants have received help in ensuring that owners eliminate dangerous health hazards such as lead-based paint in apartments. New types of personnel have been developed to provide these essential health-related services. In the case of lead-poisoning, the more traditional out-patient delivery systems have typically treated affected children but have not provided health-related services *to eliminate the source of the medical problem*, the lead-based paint. Response through health-related services to specific neighborhood problems has been an important feature of Neighborhood Health Center care and undoubtedly has lowered the potential costs of health care through prevention.

Innovations in programs have also led to personnel innovations. New health personnel have been developed such as nurse practitioners and physician assistants enabling Centers to use nurses and doctors more effectively. The Centers have been involved in conjunction with hospitals and medical schools in training their personnel and, moreover, have devoted considerable attention to developing health career ladders, and new supervisory personnel. They are experimenting with *new approaches that could lead to modification* of the traditional rigid hierarchy characteristic of health field. Such structures inhibit progress toward the goal of providing competent, efficient health care at low cost.

There is general agreement that the costs for services provided by Neighborhood Health Centers are competitive with other ambulatory care systems. Not only have innovations in program and personnel led to efficient provision of health services, but also the utilization of doctor services has remained at levels generally lower than the national average of 4.6 doctor visits per person per year. (19) In fact, approximately two-thirds of OEO Neighborhood Health Centers reported an average of less than 3 doctor visits per registrant per year. (20) For most of these Centers, less than 10 per cent of registrants had three or more doctor visits in the first quarter of 1972, (21) and a significant number of high-frequency users were women of child-bearing age. (22)

In short, the complete removal of financial barriers to health care *has not resulted in over-utilization* of services, and this finding has important implications for National health care planning.

As previously noted, Neighborhood Health Centers have obtained funds from various sources. More than half of all funds have been in the form of grants from HEW and OEO. For 21 OEO centers "the percentage of third-party funds for the Centers ranged from a low of 4.6%, with a median value of 11.6%". (23) In addition to these sources of income, "three centers had as many as 5 non-OEO sources of income (excluding third-party sources); 6 had no outside source

of income. The average number of non-OEO sources of income was approximately 2." (24)

Although federal grants provide most of the centers' income, they have also had other sources of income. Their experience in using multiple sources of income indicates that when *national health insurance is enacted, they will have no difficulty in transferring to a new source of income.*

THE NEIGHBORHOOD HEALTH CENTER EXPERIENCE TO DATE: A BRIEF SUMMARY OF FINDINGS

The Centers have only been operating for a few years, but they have already demonstrated their potential for developing new ways to deliver efficient health and health related services which will ultimately reduce the nation's health care bill. Some of their accomplishments are:

- ... providing high quality primary and comprehensive care;
- providing care at costs at least as competitive as traditional modes of ambulatory care;
- supplementing other health care systems in their areas;
- reducing hospitalization rates and emergency room visits through providing excellent preventive care;
- providing services to two million people in underserved rural and urban areas;
- responding effectively to particular health care needs of individual neighborhoods;
- developing program features such as appointments and one-step ambulatory care and use of the same doctor for each family. These features are consistent with middle-class health care patterns;
- reaching more than half of their targeted populations;
- demonstrating that removal of financial barriers to care does *not* result in over-utilization of services;
- involving their registrants in health maintenance and health education;
- coordinating programs with other health providers such as hospitals and mental health services;
- developing training programs for new para-professional personnel and working with medical and nursing schools on training programs;
- employing para-professionals extensively in provision of long-term, episodic and preventive care, thereby lowering the cost of care;
- coordinating multiple sources of funding;
- investigating new ways of lowering the costs of health care.

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Mr. HAWKINS. Thank you, Mr. Cantrell. Thanks to all the witnesses. I regret that we had to rush this but I think you understand that we are running against time.

At this point in the record I would like to enter several statements concerning OEO.

EIGHT NORTHERN INDIAN PUEBLOS COUNCIL,
San Juan Pueblo, N. Mex., February 15, 1973.

Representative AUGUSTUS HAWKINS,
House of Representatives,
Washington, D.C.

DEAR SIR: According to the economic report you are conducting hearings on the Office of Economic Opportunity Programs. We, from the Eight Northern Indian Pueblos, feel very strongly about OEO. We believe that the passage of the OEO act was one of the greatest legislatures to be passed by the U.S. Government, therefore we want OEO to continue serving the poor.

We respectfully request that you include in your hearings the information enclosed with this letter.

Respectfully yours,

HERMAN AGOYO,
Executive Director.

EIGHT NORTHERN INDIAN PUEBLOS COUNCIL,
San Juan Pueblo, N. Mex.

Hon. Senator JOE MONTOYA,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MONTOYA: Over 100 years through the Bureau of Indian Affairs, Federal officials did the planning and thinking for the Indian people. In short, we had little or no voice in determining our own destinies. Then, in 1964, the Office of Economic Opportunity Act was passed by Congress. Although, the Act was not especially designed for Indians, the Act was just what the "doctor ordered." The principles embodied in the Act and its challenges were readily accepted by the Indian people. If there is any group of people who have benefited from OEO, it has been the Indian people. It is our firm conclusion that OEO liberated the Indians from the bondage of Bureau paternalism. President Nixon claims that Community Action Programs to a large extent have failed and for this reason OEO will end after fiscal year 1974. The President "also proposes to end direct Federal funding of Indian Community Action Agencies. Instead, grants will be made directly to tribal councils" and the programs administered by HEW.

Senator you should know that the Community Action Agencies (CAA) are the tribal Councils and many of the Personnel in the OEO Indian Desk are Indians. And the non-Indians working for the Indian Desk outside of Bureau employees have considerable years of experience working with us and should Indian programs be transferred to HEW, the least we can expect, is for everyone presently under the OEO Indian Desk to be given the opportunity to continue working with the agency.

Indian community Action Programs are a success and this was possible only through the dedicated efforts of past and present OEO Indian Desk Officials.

Our first preference is for all of OEO to continue its mission and not be dismantled but if this should not be possible we ask you to earnestly and forcefully fight for our behalf to keep the present structure (philosophy, funding guidelines and personnel) intact under another agency.

Enclosed for your information is a copy of "Indian Renaissance" which tells the story of Eight Northern Pueblos.

Sincerely,

GOV. PAUL TAFOYA,
Chairman.

GOV. JOE ROMERO,
Vice Chairman.

GOV. ERNEST MIRABAL,

GOV. TOM ROMERO,

GOV. JUAN B. AQUINO,

GOV. JOE I. LOPEZ,

HERMAN AGOYO,
Executive Directors.

PUEBLO RENAISSANCE

(By Scottie King)

In the United States today, Indian Renaissance is an expression heard across the land. Never in all the years since the late nineteenth century, when the Federal Government reduced Indian tribal lands to the limits of reservations under the Bureau of Indian Affairs, has there been such a stirring of life among the Indian people. Under the reservation system as administered, they suffered extreme economic and cultural attrition. But today Indians from coast to coast are finding among themselves the qualities of perception, initiative, inventiveness, and sustained energy that go into self-determination.

One of the more notable achievements among Indian efforts to gain control of their own destinies is the self-help program begun in 1965 by the united efforts of the eight northernmost and poorest of what are locally called the Rio Grande Pueblos of New Mexico. That word "United" is important. In the past, Indian tribes have formed political alliances, such as that of the Iroquois Nation, but in general they are not noted for uniting with one another, and never for mutual economic benefit. And each Pueblo, though similar in culture to the others, has throughout history considered itself a separate tribe with its own tribal council, and they so regard themselves today. Not since 1680, when they allied to drive the Spanish out of New Mexico and keep them out for twelve years, have they united so successfully. Their leader at that time was a man from San Juan Pueblo named Popé. In their fight today for economic and cultural survival, their leader is again a man from San Juan.

But first, a simplified history. Historians disagree on the date of origin of the Pueblo Indians, but all concur that they are descendants of the Basketmakers, the people of the ancient Anasazi culture, believed by some scholars to have evolved around 350 A.D. In any case, the Pueblos are one of the oldest peoples in the United States. The Classic Age of the Great Pueblos, huge honeycombs of stone community houses, some of them sheltering upwards of one thousand persons, may have been around A.D. 1100-1300, toward the end of which the sites of today were settled. The Pueblo people have survived much; drought so severe it should have killed them off, Apache, Navajo, and Comanche raiders, and Spanish and U.S. conquerors. It is an awesome record.

Their strength has served them well. For unlike many other North American Indian tribes, who are forced to migrate long distances to strange country, the Pueblos still live in their native land, even if on reservations. Their land, based on seventeenth century Spanish grants, is rugged and starkly beautiful, a semidesert, where giant mesas striped the colors of Indian corn and high, dramatic, blue mountains seem only to emphasize the immense space around them rather than to fill it. In summer, the fields and cottonwood trees along the Rio Grande draw a broad deep green line north-south through the center of the landscape.

Because of their early and continued civilization, the Pueblo's cultural heritage is unusually rich in the craft arts and religious ceremonials. They excelled at pottery, and still do, wove colored cotton cloth, fashioned turquoise necklaces containing thousands of stones, grew corn, beans, squash, and cotton, spent

much time in religious observances, and organized their society so that no one was oppressed and everyone had enough to eat and wear.

Their situation in modern times has been very different. Unskilled at the white man's technology, many have been unable to find steady employment. In 1965, when the present program began, the combined resident population of the eight pueblos totaled 4,304. The unemployment level stood at 50 per cent, and 78 per cent of the families had incomes averaging less than the \$3,000 a year considered to be the poverty level in the United States. The majority of the old traditional adobe houses, although sometimes in pleasant locations, were in dire need of repair and modernization. "Substandard" is the word.

All this means that skilled or ambitious young people tended to go away and stay away. As a result, the religious lore and ceremonies were not being taught to younger apprentices by the tribal elders. Silversmiths and weavers had ceased to practice their arts. Among young people who did stay, the dominant society has had such an impact that the young grew up ignorant of their Indian culture.

But attrition is being reversed, and new interest enlivens the Pueblo people.

While divergent segments of the outside culture bewailed the plight of the poor Indian and did nothing about it, or bemoaned the misuse of government money in poverty programs, the eight northern Pueblos began to apply for grants of that government money, hired technical assistance leadership, and put it all to good use. The tribal councils of San Juan, Tesuque, Nambé, San Ildefonso, Pojoaque, Santa Clara, Taos, and Picuris united for the first time in modern history to form the Eight Northern Indian Pueblos Council (ENIPC). The native language of the first six is Tewa, of the latter two, Tiwa.

Today they have a united Community Action Program (CAP), funded primarily by the Office of Economic Opportunity, but also by the Department of Health, Education, and Welfare, the Economic Development Administration, the Bureau of Indian Affairs, and other agencies of the same government that got the Indian into his present predicament. ENIPC-CAP is the prototype and was the source of technical assistance for the program of six of the Southern Pueblos, which have since united.

ENIPC-CAP'S purpose is to restore the quality and wholeness of life in the Pueblos. Several programs are aimed at getting young people involved in their communities. Others work to improve economic opportunity and just plain physical comfort for adults as soon as possible. Long-range economic development to provide jobs on the reservations will also enhance Indian well-being.

An outstanding economic result of the CAP approach is Northern Pueblos Enterprises, Inc. Incorporated in May 1971 by ENIPC with one thousand shares at one dollar a share, and funded in June 1971 with a \$65,000 business development grant from the Bureau of Indian Affairs and \$10,000 from ENIPC-CAP, the Enterprises began producing adobe blocks almost at once, began a training program for Indian construction workers, who put up the ten greenhouses in which the hydroponics vegetable-growing industry is getting into full swing, and originated a tourist program that has attracted international attention.

Many people have had a part in this development, but the prime mover is the man who is now executive director of the Eight Northern Indian Pueblos Community Action Program, Herman Agoyo. From San Juan Pueblo, he is a tall, lean, serious young man in his thirties, whose administrative style is relaxed and understated. He is remarkably unassuming and tends to divert credit to others rather than to take it himself. One has to ask around to learn what an influence he is in Pueblo Indian affairs and how many advisory boards he sits on. When he answers the phone in CAP headquarters at San Juan Pueblo, he may converse in English, his native Tewa, or some combination. Like most Indian leaders in New Mexico he is bilingual (some add Spanish and are trilingual). And like many young men, Indian or not, he tends to dress in a casual mod fashion.

He did not set out to be the technical assistance expert he has become. An athlete, he went to Manhattan College in New York to play on the baseball and basketball teams and major in physical education. After graduating in 1958, he returned to San Juan, coached and played on the Pueblo baseball team (he's a pitcher), and became well known in the All Indian Pueblo Baseball League. For the next seven years, he worked at several jobs—a Pueblo recreation program, selling encyclopedias, teaching—got drafted out of graduate school, and served a hitch in the army.

He also participated in tribal government and served as lieutenant governor of San Juan. More important, he perceived that if Indians were ever to improve their

lot, they had to help themselves. In 1965, he was invited to join the Arizona State University Indian Community Project, which offered technical assistance to Indians, teaching them how to apply for government grants and set up programs. After training, Agoyo worked with all nineteen Pueblos and the two Apache groups (Jicarilla and Mescalero) in New Mexico.

By the time the governors of the eight northern Pueblos had established the precedent of meeting regularly to talk over their problems, a Head Start school had been opened at Tesuque, and Santa Clara had hired an Anglo (the usual term for English-speaking Caucasians in New Mexico) named Bill Williams as a program development officer. Under his direction, six Pueblos got Department of Labor grants for Neighborhood Youth Corps programs, getting high school students out-of-school jobs such as working on community projects or training with public agencies. Agoyo gives Williams a great deal of credit for recognizing that before any program could be truly effective, all eight Pueblos had to be involved. Williams and Agoyo together set up the eight northern Pueblos organization in 1965 while Agoyo was with the Indian Action Agency.

Since then, ENIPC has controlled the whole effort. From 1965 to 1967, it employed Williams as the first CAP director. James Hena of Tesuque, now executive assistant to Louis Bruce, Commissioner of Indian Affairs in Washington, D.C., succeeded Williams, followed by Edward Cata of San Juan, and then Agoyo in 1970. At the time, Agoyo lived in Albuquerque to allow his wife to finish her master's degree at the University of New Mexico and drove the seventy-five miles to Pojoaque every day. They have now moved back to San Juan.

Like the measures taken by many other Indians, the Pueblo people's "tribal solutions to tribal problems" are far removed from the sweeping panaceas projected by the progenitors of the Great Society. Programs are small and each tribal council decides which one it wants and how it wants to implement them. Each Pueblo has its own CAP office, but all programs are administered at the top by CAP headquarters.

To begin with, the Head Start schools, familiarize preschoolers not only with books and the idea of going to school, but also with Indian culture. "The mainstream culture has made such inroads that our big problem is to bring Indianness back into the Pueblos," said pretty young Malinda Pekarcik of Santa Clara, who directs the Head Start program. Teachers are salaried but not necessarily accredited; good teaching is the premium value. During their month's training each summer in Sante Fe, teachers, teacher aides, and cooks learn about dolls and puppetry, beadwork, weaving, pottery and other crafts, and nutrition. Silk-screen printing using Indian designs has been one of the crafts. Teachers must speak Tewa or Tiwa. Both languages are being introduced in Pueblo elementary schools, which children attend until junior high school.

Pueblo junior high and high school students are bused to public schools in nearby communities. Under youth development, CAP sponsors a work-study program for them, offering jobs at school or in the community. They might help grade papers, work with their Pueblo's community action director, or in the home improvement program. They produce the CAP newsletter *Indian Forerunner*. In summer, college students join them; last summer seventy-seven young people were enrolled in the program. They are paid \$1.45 an hour.

After-school tutoring is also available in study centers in each Pueblo. Begun as an Office of Economic Opportunity program, the sessions are open to anyone, local teachers are the tutors, and the centers are now being carried by the schools.

To find and advise young Indians who can and want to go to college the talent search director, Ramos Sánchez, sends four counselors into public vocational and high schools to work with existing services. Now in its second year, the talent search has expanded from the eight Pueblos to serve all the Pueblos and the Apaches. Agoyo's off-the-cuff estimate is that 40 per cent of the Indian high school graduates they contact now go to college. The staff operates out of two offices, one in San Juan and one in Albuquerque.

Training adults in skills that prepare them for jobs near home is a major goal. Rather than pay them a lot of money and send them to school in big cities as the Bureau of Indian Affairs has done, CAP's vocational educational program pays them stipends of \$128 a month, sends them to business and vocational schools in nearby Espanola and Santa Fe. For on-the-job training, CAP pays half the training expense, the participating business the other half. A full-time counselor both recruits people to take courses and helps them find jobs after-

ward. Most trainees are in their thirties. Now in its second year, the program has helped 174 people. They work in Los Alamos, Santa Fe, or Albuquerque. Northern Pueblos Enterprises has picked up some of them.

Alcoholism, a problem with nearly all Indian groups, plagues the Pueblos, too. CAP's counselors are themselves ex-alcoholics who have been both patients and counselor trainees in a treatment center for alcoholics. People who know how it feels meet with clients in their homes and try to persuade them to go to a treatment center. When they return home, the counselors try to find them jobs.

One of the most enthusiastically received projects has been home improvement. Even though the Bureau of Indian Affairs furnished the materials, a few individuals were so eager for work to begin, they bought the materials themselves rather than wait. The project provided job experience as well as roof repairs, bathrooms, plastering for outside walls, and many other things that make a house liveable. But much more remains to be done in all the Pueblos.

Results sometimes are not the ones CAP had in mind. For example, adult education offered people a chance to earn their high school equivalency diplomas. To attract them to register, arts and crafts courses were given in addition to academic courses. As it turned out, not many completed their diplomas—but they opened three arts and crafts cooperatives. In Taos, Nambe, and San Juan, artists bring their work in, price it, the co-op gets 15 or 20 per cent for handling it, the creator receives the rest. It is a far advance over the outside world, where the Indian craftsman is still paid only a small amount of the price his often excellent art commands on the commercial market.

San Juan Co-op has started a silversmith's class and has the money for its own building. Taos weaving classes are reviving the ancient art of making cloth from rabbit hair. Feared to be a lost art among the Pueblos, weaving has also sprung alive at Santa Clara. Pueblo pottery, superb for centuries, continues to flourish and ranks among the collector's items in contemporary Indian art.

Offers of gifts and assistance come to CAP from unexpected sources. An affiliation with the Los Angeles YMCA brought a gift of forty Honda Mini-bikes, which were divided among the Pueblos and integrated into the youth program. A Santa Fe architect has donated a thousand hours of his time.

Volunteers from the VISTA (Volunteers in Service to America) division of the U.S. Government agency ACTION are a help. At San Ildefonso, the instructors are VISTA volunteers who are members of the tribe. Another part of their diverse task is to learn to read and write Tewa, much more widely spoken than read and written, for which they earn credits at the College of Santa Fe. They may subsequently teach it to others. The VISTA-manned Design Center affiliated with the University of New-Mexico Department of Architecture has designed several projected buildings, including a new CAP headquarters to be constructed in Pueblo style in San Juan.

This is only the beginning. Plans for major economic development on the eight reservations are headed by Edward W. Smith, an Anglo, whose excitement over the many development possibilities is contagious. His highest priority is the necessary comprehensive planning to determine which lands can best be used for agriculture, industry, recreation, and so on, to ascertain community needs, such as restoration of the Pueblos, and to draw up a master plan for utilities. The aim is to develop a viable Pueblo economy with completely Indian-owned and operated businesses and industry.

Scenic areas are found on nearly all the reservations. Recreation spots for picnicking, fishing, and sometimes camping are a popular and fairly quick method of gaining income. Tesuque's plans for its campground near the main highway at Camel Rock, built at what was already a well-used tourist stop, include preserving the unusual but crumbling rock. Recreation sites are planned for Nambé Falls at Nambé, for the cottonwood grove along the Rio Grande at San Juan, and in Santa Clara Canyon.

A museum is projected for picturesque Puyé, where the ancestors of the Santa Clara people lived as cliff dwellers long ago. Picuris is already establishing a museum. The eight Pueblos would like to put a youth camp on that reservation when they can find funding. A fish hatchery or trout farm would be a natural for that area. Smith said. San Juan plans a tree and plant nursery to include a Christmas tree farm and landscaping service.

Many companies show interest in locating on Pueblo Indian land, but the tribal councils are taking their time about accepting any. About half a dozen small industries—boat building, precision machine parts, lumber, tableware, mica and pumice processing—are already in operation.

"A computer industry, maybe would be good," said Smith. "But we don't want time-clock-punching, indoor, noisy industries for Indians. Outdoor kinds of industry are best. Arts and crafts, of course, are to be built up strongly."

Tiny Pojoaque Pueblo, led by its former director of development, Tony Gutiérrez, has become the center of ENIPC's own fledgling industrial park, called Pueblo Plaza, where Northern Pueblos Enterprises has its headquarters. The Pojoaque Tribal Council leases the land to Enterprises for 1 per cent of the profit.

Enterprises' general manager is Harold Martínez, a witty, outspoken, young (thirties) Spanish-American from Española. Like Herman Agoyo, his original life plan was far different from the way it worked out. He majored in foreign affairs at the University of New Mexico, but almost immediately after graduating he got involved in administration and planning in local government, industry, and government-funded self-help programs, some of the latter including Indians.

When Martínez was hired in June 1971 he figured the Enterprises had only a 3 per cent chance of success based on conventional economic indicators. "We had to make it or break it in ninety days," he said. "That's all we had the money for." Today it looks as if they've made it. They will need outside funding for some time yet, but they already have some income, and their goal of becoming a profit-making business is in sight.

Their Indian Action Team provides an eighteen-month course to teach Indians construction trades. In classes, on-site instruction, and on-the-job training they learn about heavy equipment, mechanics, masonry, steel work, carpentry, electrical work—whatever they need to know. Trainees built Enterprises headquarters out of adobe blocks made by their own Native Products Division. Trainees also put up the greenhouses for Hydroponics, Inc.

Native Products turns out vigas (wooden poles) for roof supports and about ten thousand adobe blocks a day for Enterprises' use and for sale to the general public. In eight of its greenhouses, Hydroponics, Inc., is growing tomatoes, aiming for three hundred thousand pounds a year. In the two others they will experiment with other crops—melons, chili, cabbage, lettuce, corn—to see which grow best in a hydroponic mix and which can be marketed successfully. Magic Indian Gardens is their trade mark. They sell greenhouses as well as vegetables. When the fertile liquid that grows the crops needs to be changed, it will be used to landscape the grounds or sold.

The Enterprises construction company does much of the building on the Pueblos and will do more when a projected 125 badly needed new houses are funded. They will, of course, be built of the Enterprises' own adobe blocks by Indian workers.

Enterprises' most publicized venture is the tour program. Directed by Rita Dickey, a striking Anglo woman of endless energy, the tourism division offers several ways to tour New Mexico with Indians as guides. There is the six-day tour by ten-passenger limousine from Albuquerque, a two-day tour, and guide service by the hour for travelers who bring their own cars. The six-day offering is unique in the United States. Guests are transported through one of the most picturesque parts of New Mexico. They stop in interesting hostleries and restaurants and partake of all three of New Mexico's major cultures, Anglo, Spanish, and Indian, sometimes in private homes.

Begun with a \$55,000 grant from the Four Corners Regional Commission, the tour program has caught the imagination of travel agents and airlines, and inquiries have poured in from all over the United States and foreign countries. Travel agents or the New Mexico State Tourism Division can supply detailed information.

Obviously, the new Pueblo alliance is well on its way to stimulating a renaissance along the Rio Grande. There is no lack of ideas, energy, or concrete results. Dedication and enthusiasm are rampant among the staff, both Indian and non-Indian. They and ENIPC together have cut unemployment to 22 per cent, reduced arts and crafts. Possibly best of all, they have inspired hope in the people and a the number of family incomes under \$3,000 a year to 47 per cent and revived new pride in Indian life. Key religious leaders still have few apprentices, but some of them are resorting to tape recordings to preserve their knowledge. The resident population has increased to 5,464, only part of it through birthdate. More young people are staying, and some of those who left have come back.

Herman Agoyo just this year decided to give up the last name Cata, by which he has always been known, in favor of his grandfather's Tewa name, Agoyo (Star). It is a small gesture, but a significant one, and helps to illustrate his

own personal commitment to the restoration of Indian life. His feeling becomes even more apparent when, speaking of the ENIPC-CAP approach, he says, "a program like ours places Red Power where it belongs—in the hands of the tribal councils."

HOUSE OF REPRESENTATIVES,
Washington, D.C., February 15, 1973.

HON. CARL D. PERKINS,
Chairman, House Education and Labor Committee, Rayburn House Office Building, Washington, D.C.

DEAR CHAIRMAN PERKINS: Enclosed is a copy of the letter I have recently received from one of my constituents, Mrs. Irene Speed.

Please give Mrs. Speed's views serious consideration and include her letter as part of the permanent record when hearings are held on the antipoverty program and other Federal social service programs which benefit Senior Citizens, handicapped, and needy people.

Your kind cooperation and assistance in this important matter is greatly appreciated.

With best wishes, I am
Sincerely yours,

CHARLES J. CARNEY,
Congressman, 19th Ohio District.

YOUNGSTOWN, OHIO, February 13, 1973.

DEAR CONGRESSMAN CHARLES CARNEY: I am asking you to please ask that there be no curbing of existing federal funded programs. The poverty program social services, senior citizens programs and others.

Congressman Carney, would you please have this letter put in the Congressional Record.

The poverty program could be revised to put more benefits to take care of the poor such as senior citizens the disabled and our handicapped.

The cities also should be contacted to ask for a portion of the revenue sharing funds. Thank you in advance for your consideration of the above letter.

Yours truly,

MRS. IRENE SPEED.

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 7, 1973.

HON. CARL D. PERKINS,
Chairman, House Committee on Education and Labor, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed is a copy of the letter I have recently received from one of my constituents, Mr. Arlette Gatewood, concerning proposed cuts in Federal aid for many social service programs.

I would be grateful if you would make Mr. Gatewood's letter a part of the permanent record when Committee hearings are held on social service education programs.

Your assistance in this matter is appreciated.

With best wishes, I am
Sincerely yours,

CHARLES J. CARNEY,
Congressman, 19th Ohio District.

YOUNGSTOWN, OHIO, March 2, 1973.

HON. CHARLES CARNEY,
19th District Congressman
Washington, D.C.

DEAR SIR: As a member of the Joint Planning Council for Model Cities in Youngstown, serving my second term as Vice Chairman, I am privileged to have been chosen as the delegate to the Region V Board of Directors representing Youngstown.

We are very disturbed to hear of the number of "cuts" that will be made in various Social Programs that are beneficial to the poor, the senior citizens, and the programs that will benefit the returning servicemen. I know the many advantages of the programs and the accomplishments that have been achieved, in

Youngstown and other cities, due to these programs. Therefore, as the delegate representing Youngstown, I am asking that you use your power to stop the steps that are being taken so that these programs will continue.

The programs that I am referring to are the Emergency Employment Act, the Office of Economic Opportunity, Urban Renewal, Model Cities, Construction of Hospitals and Health Clinics, federal aid to education and libraries, Water and Waste Disposal Grants, Veterans Benefits and Medicare.

If our government Administration truly believes in the motto "of the people, by the people, and for the people", all of these programs will be restored.

In conclusion I am asking that this letter be read in the Congressional Record.

Thank you for your past and present concern.

Sincerely

Mr. ABLETTE GATEWOOD.

Mr. HAWKINS. That concludes the hearing for February 8, 1973.

[Whereupon at 5:10 p.m. the hearing was closed.]

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PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

ESTABLISHMENT OF A LEGAL SERVICES CORPORATION

TUESDAY, FEBRUARY 27, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EQUAL OPPORTUNITIES
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met, pursuant to adjournment, at 10 a.m. in room 2175 Rayburn House Office Building, Hon. Augustus F. Hawkins [chairman of the subcommittee] presiding.

Present: Representatives Hawkins, Mink, Clay, Chisholm, Benitez, Steiger, and Bell.

Also present: Representatives Perkins, Thompson, Ford, Meeds, Quie, Ashbrook, and Kemp.

Mr. HAWKINS. The Subcommittee on Equal Opportunities of the House Committee on Education and Labor is now in order.

This is a continuation of hearings begun the 7th and 8th of this month. We will forego any opening statement this morning.

This morning we will be first to invoke the 5-minute rule on the members and to proceed just as expeditiously as possible.

It is the intent of the Chair to continue the hearings through the noon recess to try to finish in the early afternoon.

It may be possible or necessary to take a 15- or 20-minute recess sometime during the morning session. May I caution those who are seated in the room to continue to occupy their seats, if they want to keep them, because there will be no reserved seats.

The committee will hear this morning from Mr. Howard Phillips, the Acting Director of the U.S. Office of Economic Opportunity. The prepared statement of Mr. Phillips is in the Members' folders.

Mr. Phillips, may I welcome you. I realize that your busy schedule does not allow you to spend much time in these hearings, but we felt that it was extremely desirable at this juncture of the war against poverty to hear from you, as the Acting Director of this agency. And it is our pleasure to welcome you to the subcommittee.

Your statement in its entirety will be entered in the record at this point.

[The statement referred to follows:]

STATEMENT OF HOWARD PHILLIPS, ACTING DIRECTOR, U.S. OFFICE OF ECONOMIC
OPPORTUNITY

In the President's human resources radio address of February 24, he spelled out three criteria to be applied in reaching decisions regarding Federal activities

in the social program area. First, control over decisions should insofar as possible, be placed in the hands of those to be directly affected by the decisions. Second, we must make sure that the dollars we spend are being used most effectively to benefit those for whom assistance is intended. Third, services should be provided in a manner which fosters self-reliance rather than dependency among recipients.

Consistent with these standards, the President has undertaken a major effort to strengthen and improve, for the benefit of our disadvantaged citizens, the use of Federal funds heretofore administered by the Office of Economic Opportunity. The nation's poor are entitled to a dollar's worth of results for every dollar spent in their name.

In reforming OEO activities, we have been guided by the following principles:

Essential services must be continued, in a manner which prevents the wasteful diversion of funds away from helping the poor.

Responsibility for control over dollars and programs priorities should be shifted away from anonymous Washington bureaucrats and placed increasingly within the authority of elected officials at the state and local level, men and women who know the problems of their communities at first hand, and who can be held accountable, through established processes, for their success or failure.

Research and demonstration authority should be placed within the organizational context of principal departmental groupings in order to facilitate both planning of activities and utilization of results.

Categorical grant-making, with funds assigned as often on the basis of grantsmanship as on need, is in many ways inherently unjust, because of the arbitrary and limited manner in which resources are allocated.

To be effective, our policies must be sensitive to the diversity of those who are poor, and based on the premise that government is best able to help those most eager to help themselves.

The expenditure of funds should, in fairness to the public as a whole and the poor in particular, be premised not on the strength of lobbying by poverty professionals, but, instead, on the basis of the benefits which reach the poor.

The old approach of trickling down dollars for the poor through a vast array of poverty contractors and professionals has only alleviated poverty for the middle-men.

Pursuant to these conclusions, and in line with our budget recommendations for Fiscal Year 1974, OEO officials have initiated arrangements for orderly transfer of program responsibility to other departments in accordance with existing legislative authority.

Along these lines, research activities in education, child care and health will soon be assumed by the Department of Health, Education, and Welfare along with certain operational health delivery programs. The Department of Labor will begin to supervise OEO-funded manpower experimentation, as well as programs intended to assist migrant workers and their families. Housing research will be meshed with the activities of the Department of Housing and Urban Development. In furtherance of our important commitment to Indian self-determination, greater control over economic opportunity funding will be vested with duly-chosen tribal councils, with grants to be disbursed under the authority of the Secretary of HEW.

Consistent with the budget request that funding of overhead costs for community action not be provided by OEO during FY 1974, arrangements have been made for the General Services Administration to assist grantees in completing an orderly phase-out of their OEO-related linkages and obligations. To assist the phase-out of OEO-related linkages and obligations. To assist the phase-out of OEO administrative support, final grants of up-to-six months in length will be obligated through June 30, thus carrying some programs to the beginning of 1974.

The assured continuation of two important programs will require special Congressional action. To this end, the Administration will shortly transmit authorizing legislation to empower the Department of Commerce to continue certain of OEO's community economic development activities through its Office of Minority Business Enterprise. We are also preparing for legislative consideration a proposal to establish a Federal Legal Assistance Corporation with a mandate of helping assure indigent individuals equal access to our system of justice. We seek to enact a bill in this area which will prevent the diversion of legal services funds into political channels and away from the priorities of disadvantaged citizens.

Pending the transfers of authority which I have described, necessary steps have been taken to assure the responsible management of funds disbursed by OEO and prevent their hasty or misdirected expenditure by grantees.

For this reason temporary limitations have been established which are being modified as the period of transition progresses. During this period, as before, individual projects and policies are subject to review as required by law to encourage the more effective use of poverty resources.

It must be stressed that while this is the last year that community action funds will be obligated by OEO, federal support for all other OEO activities will be continued at an equivalent or higher level of expenditure in Fiscal Year 1974.

Because of the limited time available to the Committee, I wish to conclude my prepared statement at this point and respond to whatever questions you may have.

Mr. HAWKINS. You may proceed to read from your statement, to summarize it, or to deal with it as you so desire.

STATEMENT OF HOWARD PHILLIPS, ACTING DIRECTOR, U.S. OFFICE OF ECONOMIC OPPORTUNITY, ACCOMPANIED BY J. LAURENCE McCARTY, ACTING ASSOCIATE DIRECTOR FOR LEGAL SERVICES; ROBERT L. TRACHTENBERG, DEPUTY GENERAL COUNSEL; AND RICHARD REDENIUS, ACTING COMPTROLLER

Mr. PHILLIPS. Mr. Chairman, members of the committee, thank you very much. I appreciate the opportunity to be here and I appreciate your indulgence, Mr. Chairman, in deferring my appearance until this date.

In the President's human resources radio address of February 24, he spelled out three criteria to be applied in reaching decisions regarding Federal activities in the social program area.

First, control over decisions should, insofar as possible, be placed in the hands of those to be directly affected by the decisions.

Second, we must make sure the dollars we spend are being used most effectively to benefit those for whom assistance is intended.

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It must be stressed that while this is the last year that community action funds will be obligated by OEO, Federal support for all other OEO activities will be continued at an equivalent or higher level of expenditure in fiscal year 1974.

Because of the limited time available to the committee, I wish to conclude my prepared statement at this point and respond to whatever questions you may have.

I would also like to put in one other informational comment. There has been considerable confusion in regard to the actual policies of OEO during the last 30 days, that were instituted on an interim basis and I would like to read a brief paragraph or two summarizing what those policies have, in fact, been.

On January 31, we set in motion interim grant refunding procedures which provide that during the interim period any grant which comes due for refunding will receive an extension of funding for an additional 30 days at its present funding level, regardless of any future decisions which may be made concerning the grant.

Because of processing delays which are built into OEO's bureaucratic structure, the actual processing of documents and transmittals of funds may not, in many cases, be completed for some time. But it must be stressed that during this interim period no action has been authorized to discontinue any OEO grantee in advance of a fair and thorough review on the merits, and unless in receipt of definitive word to the contrary, all grantees whose grants come due during this interim period, should assume that they are being extended at their present level of funding for an additional 30 days.

Let me further add that this 30-day period comes due at the close of business on February 28. And, as we indicated when these policies were put into effect at the end of January, our freeze will be lifted at that time, and we will return to normal funding patterns.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you, Mr. Phillips.

The Chair was quite interested in the release of the statement regarding interim grants procedures, which you have just read.

I would like to inquire about the application of these procedures to the Watts Health Center, which I think is a good example. I apologize for using an example which happens to relate so directly to my own congressional district, but it seems to me that it fits into the purview of the statement made by you as late as last evening.

The Watts Center, for the benefit of the other members of the subcommittee, was a grantee which was in January assured of continuation by the Office of Economic Opportunity. A commitment of \$5.4 million was made to this health center, which serves some 38,000 residents of the Watts area.

Despite this commitment, funding has been in some way held up, or at least through bureaucratic channels has not been made available to the center. The center has had to borrow \$500,000 from the Bank of America, based on a commitment made in January.

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The credit rating of the center has been, of course, down to zero and because of the difficulty surrounding the continuation of these programs on a 30-day basis, this center is almost in the process of going into receivership if it does not obtain a stronger commitment than has been made.

Now, I see no way that this change that you have indicated which to me is, I must admit, from my own reaction, just a redefinition or changing around of words—I see no way in which an assurance that ~~the 30-day reprieve on a constant basis~~ will help in obtaining a continuation of the funding of such a center during the time that you decide whether or not it should be continued.

Now, will you explain what is the procedure that is going to be necessary in every one of these programs? And certainly this, I would assume, is one of the programs that has not been declared off limits or unsuccessful or in any way given a negative rating.

And now will you explain the procedure in an instance like this and how you expect a program of this nature to survive this type of bureaucratic handling?

Mr. PHILLIPS. Mr. Chairman, I respect and appreciate your concern for this project.

Our failure of communication in making as clear as we had hoped we had the intent of the Government to continue for periods of 30 days all grants coming due during the past month—our failure of communication became evident in this case to me this past Saturday, and I instituted certain steps this last Saturday to see to it that that center would not be in jeopardy.

Yesterday, a telegram went from Jeffrey Binda, our Acting Associate Director for Health Affairs, to Cliff Cole, who is the Director of that center, and it said this:

It is the intent of the Office of Economic Opportunity to continue support for the South Central Multi-Health Services Corporation. The grantee is authorized to borrow sufficient monies from local banking resources to cover payroll and other necessary operating expenses. The interest may be paid from your project grant monies.

The additional amount authorized to be borrowed should not exceed \$500,000. The cumulative amount to be borrowed to date should not exceed \$1 million.

The point that I would like to make is that many of the problems that have arisen in regard to particular grantees antedated my arrival as the Acting Director of OEO.

The nature of the process is such that between signoff by the agency and receipt of funds by a grantee a normal period is 45 days. Unfortunately, it frequently takes longer than 45 days.

What we have done in this situation is try to convey to all of our grantees that they have the word of the Federal Government on which they can rely, that during this interim 30-day period, none of them, unless they have heard specific word to the contrary, is being put out of business and I don't know of any that have received that specific word to the contrary.

Now, many of these problems and delays and difficulties faced by individual grantees were a fact of life in preceding months; they have been a fact of life ever since the agency first came into being. They are receiving additional attention now.

It is my own view that as a result of the policies we have instituted, to a large extent these delays are going to be cleared up.

Mr. HAWKINS. Is it your intent to continue to give grantees a 30-day period, or in this particular instance, to renew for a 30-day period? Or have you made a commitment that they will be able to operate through the end of this fiscal year?

Mr. PHILLIPS. Mr. Chairman, they will be able to operate beyond the end of the fiscal year in the case of health programs.

When we put the interim procedures into effect at the end of January, we indicated our hope and intent that we could release them on the first of March, and I have signed papers which, on March 1, will bring us back to normal funding cycles.

In the case of a grantee of this character, I believe that will be 12 months—a health program.

Mr. HAWKINS. Will this same time be given to all the other grantees?

Mr. PHILLIPS. In regard to all non-221 grantees, we will return to normal funding cycles.

Now, in some cases that would mean more than 12 months; in some cases, slightly less. But a general pattern would be 12 months, sir.

Mr. HAWKINS. Was that not followed in the case of legal services?

Mr. PHILLIPS. Yes, it was, sir.

Mr. HAWKINS. With respect to section 221 of the act, which relates to the local initiative moneys for community action programs, I have been extremely interested in this. As a matter of fact, a particular section of the act was written into an amendment which I offered. This provides that local initiative money can be used in community action programs.

This is one of the programs, as I understand, which is not being continued, except as local option may continue the program.

But, under the act which the Congress passed and the President signed, there was a mandate made to spend not less than \$328.9 million for programs under this section. There is this mandate in the law itself.

Now, would you indicate to use what sum has been spent or obligated of this amount of money which was made available through local initiative action? This, of course, agrees with the concept that, as you say, local officials should determine how the money should be spent. This is really local initiative money.

Now, how much of this has been expended or obligated?

Mr. PHILLIPS. Let me, if I may, Mr. Chairman, speak to that in terms of fiscal year 1974 and in terms of fiscal year 1973.

For fiscal year 1974, the President's budget request sets forth zero funding for 221, which includes the operating funds for community action.

Were that money appropriated, you were quite correct that, consistent with the authorization, if that were appropriated and enacted into law, with the approval of the President, we would be faced with a different situation.

But, in terms of fiscal year 1973, as part of our responsibility to plan for the implementation of that fiscal year 1974 budget request, we are exercising our administrative discretion in such a manner that we can assist local community action agencies to prepare for the phase-out of their OEO-related linkages.

For that reason we are obligating funds through June 30, so that as Community Action grantees come due for additional refunding, as their present fundings expire, we are giving them grant extensions at the present level of funding in most cases for an additional 6 months.

Thus, for example, a grant which would expire on June 30 can be extended for an additional 6 months through December 31 of this year.

Now, our responsibility in terms of the dollars made available to us as administrators, is to expend them in a responsible fashion. That is the reason, for example, even though we are giving out these 6-month grants, we are limiting the drawdown to periods of 30 days at a time so that the temptation of perhaps expending it all at once, in a situation where they might conclude that they would be going out of business—so that that temptation may be avoided.

And then, after June 30 of this year it is intended that, in terms of competing the obligations incident to audits and property disposal and so forth, the General Services Administration would pick up the responsibility.

Over a 5-year period between fiscal years 1967 and 1972, about \$203 million in funds, were questioned by various audit reports; and in fact, roughly \$28 million in OEO funding was disallowed.

So, within the act we have to adhere to our responsibility to make sure that the money is spent responsibly and we are doing everything we can to do that, consistent with the President's fiscal year 1974 proposal.

Mr. HAWKINS. I don't know what you mean by money being spent responsibly, but you are mandated by congressional intent, which was approved by the President in signing the bill, to spend this amount of money on behalf of the poor of this country. It is obvious that it has not been spent and that you now intend to spread it out throughout 1974, which is certainly in direct violation of the intent of Congress in making this money available for local programs.

I don't think you are acting responsibly if you do not carry out the intent of the act itself. It seems to me that the act itself is very, very clear.

And, as to whether or not the money has been irresponsibly spent, I think you ought to furnish to this subcommittee some documentation of what money has not been responsibly expended, and give us a full accounting in the case of that money that you say was irresponsibly spent, as to where it was irresponsibly spent, and not deal in this rhetoric.

I don't want to continue this, because it would just be your value against mine; I would rather that you would submit to the subcommittee a full accounting of this money, where it was spent and how and by whom, detailing what you consider to be irresponsibly expended.

Rather than to take up additional time at this point, if you would furnish that information to the subcommittee, I would appreciate it.

Mr. Bell is recognized.

Mr. BELL. Thank you, Mr. Chairman.

Mr. Phillips, you answered a question of Mr. Hawkins and you spoke of the transfer of programs from OEO to other Federal de-

partments and agencies. What was the basis of your decision in making some transfers of programs and not others?

Mr. PHILLIPS. It was our intent to be fully consistent with the law, and for that reason we discovered there were two programs which were not within the purview of section 602(d) of the Economic Opportunity Act, which will require specific congressional action to achieve a transfer.

Those two programs are our community economic development programs, where we will be submitting legislation proposing that the Office of Minority Business Enterprise be authorized to continue that program, and where budget authority has been set aside in the Office of Minority Business Enterprise.

And second, in regard to legal services, where a proposal will be forthcoming there, and \$71.5 million has been set aside in HEW for transfer to the corporation for expenditure.

In regard to the various other programs—like for example, the transfer of Indian programs to the Secretary's office at HEW, the transfer of child development experiments to the Office of Child Development at HEW, et cetera—there were preexisting legislative authorities under which additional budget dollars could be assigned in fiscal year 1974 and there is existing authority for the Office of Economic Opportunity to delegate those programs to those other offices.

So, we have sought to act in that manner.

Mr. BELL. How about the transfer of programs such as 221? You apparently made transfers in some areas but didn't in 221, why is that?

Mr. PHILLIPS. In regard to section 221 the decision has been that the funding of overhead costs for community action agencies, as set forth in section 221, shall, after June 30, be the responsibility of State and local officials; except that we are funding, obligating, funds through June 30, which will carry many agencies right up until the beginning of 1974.

Mr. BELL. In other words, it is going to be up to the local communities and local agencies to determine whether or not they want to fund some of these 221 programs at the local level, but the Federal Government will not be funding them; is that correct?

Mr. PHILLIPS. That is correct, sir.

Mr. BELL. You have referred to the cutting of administrative overhead. Could you please expand on what you include in that term?

In a day care center, for example, what costs would not be considered administrative overhead?

Mr. PHILLIPS. Let me refer that to our Acting Comptroller, Mr. Redenius, who can give you a breakdown.

Mr. REDENIUS. There is a provision of the Economic Opportunity Act which establishes the definition of overhead costs. This is defined in a fairly precise way and basically relates to the Community Action Agency Director, some of the core direction of the agency.

That provision mandates that these costs shall not exceed more than 15 percent of the funding made available to that agency.

Mr. HAWKINS. Could you speak closer to the microphone? Some of the members cannot hear you.

Mr. REDENIUS. However, administrative costs defined in terms of total salaries that personnel on the staffs of community action agencies,

total overhead support related thereto—that administrative cost runs in the range of from 75 to 80 percent of total funding with the average grantee.

Mr. BELL. Would the same principle you are speaking of apply to day care centers, for example?

Mr. REDENIUS. Yes, it would.

Mr. BELL. In regard to the refunding of the legal services program, the 30-day automatic extension and the return to the normal funding pattern, can you give us some idea of how many of the legal services programs will receive the normal refunding?

Mr. PHILLIPS. I think we have to assume that the programs will be considered in each case on their merits.

I wouldn't want to speculate at this point on any number of grantees that might be subject to a refusal to refund. I think that in most cases whatever changes might be indicated in legal services would relate to standards of evaluation within the Office of Economic Opportunity and policy goals which are administratively established.

I don't expect to see any significant number of legal services delivery programs affected during this interim period. I think they will be on a normal funding cycle.

Mr. STEIGER. If the gentleman from California will yield, let me try to clarify, if I may, the response you have just given to Al Bell and one you gave to Gus Hawkins.

As of March 1, the 30-day freeze is lifted? Is that correct?

Mr. PHILLIPS. That is correct; although, let me clarify the freeze. During the 30-day freeze, no one was cut off. We merely told every grantee that they could rely on the Federal Government for an additional 30 days of funding if they came due during that period.

Mr. STEIGER. At the end of that 30-day period, 1 March (2 days from now), a number of legal services programs—in California, Michigan, Hawaii and other places—come up.

The question that is as yet not clear in my mind is: At that point can a decision be made by the Office of Economic Opportunity that if they meet the criteria and are of a quality delivery in nature, they will then be refunded—for how long?

Mr. PHILLIPS. If their normal funding patterns were 12 months, they will be refunded for 12 months if they are to be refunded.

Mr. STEIGER. That 12-month funding is then from March 1, 1973 to March 1, 1974.

Mr. PHILLIPS. I am not clear; I believe it would be from the date of the expiration of their grant.

Mr. REDENIUS. If a grantee were coming up for its initial refunding on March 1 it would be extended for an additional 12 months. If it happened to come up on February 1 and had already received the 30-day interim funding it would be eligible for another 11 months, making a total 12-month package.

Mr. PHILLIPS. In other words, we said they could rely on at least one more month while they were in this interim period. We said that about all interim grants, not just legal services.

Now we say, "OK, you have that normal month and now we go to the regular funding pattern. We put your extra 11 on top of it. It is not just a bonus, but if it comes due on March 2 it is refunded from March 2."

Mr. STEIGER. That 1-year refunding is applicable only to legal services programs?

Mr. PHILLIPS. No; it is applicable to virtually everything except 221 programs. It is applicable to migrant programs; it is applicable to certain of our research experiments, although some of them would go for longer periods than 1 year.

Some of our economic development commitments would extend for periods longer than 1 year so that the appropriate investment decisions could be made.

Mr. STEIGER. At this point, if it is possible, given the fact we are 2 days from the March 1 date, can you give the subcommittee any indication at all as to how many legal services programs might be subject to not receiving a full year's refunding?

Mr. PHILLIPS. I can't think of anywhere we wouldn't make a decision either to go or not go on a full year basis. I don't want to preguess how many will be a no go, because I haven't received the final report from our head of the legal services office, Mr. McCarty. But I don't know of any wide scale—I don't think you should have any expectation that there are going to be massive program eliminations. I think the program is going to continue as before, where the director exercises his responsibility to make sure that the standards set forth by law and regulation are adhered to in terms of audit reports, evaluations, standards being met, and so forth.

I don't believe that any action we are taking will adversely impact on the people intended to benefit from these programs.

Mr. HAWKINS. If the gentleman will yield—Let us get it very clear, Mr. Phillips: The release that you made used the phrase "being extended at the present level of funding for an additional 30 days"—which seems to me to be in conflict with what you have just said about funding which would take some of these grantees up until December.

How do you read into that statement that they are just being continued at their present level of funding for an additional 30 days? What does that refer to?

Mr. PHILLIPS. Well, in the period from the end of January until the end of February, every grant which expired during that period of time was advised that they could rely on the word of the Federal Government that they would receive an additional 30 days of funding, and that that 30-day interim period was instituted so that we could establish necessary procedures consistent with the fiscal year 1974 budget recommendations.

After March 1 or beginning on March 1 we are going to be moving into a more normal funding pattern, normal in the sense of non-221 grantees. Non-221 grantees: health, legal services, research and demonstration—those will be funded for the periods of time at which they have traditionally been funded.

But in terms of community action agencies, those will be receiving 6 months grants.

Mr. HAWKINS. So you intend to continue for non-221 grantees the 30-day cycle?

Mr. PHILLIPS. We intend to go to a regular full-year cycle in most cases.

Mr. HAWKINS. In your letter to the Watts Health Center, for example, did you keep them on a 30-day borrowing basis?

Mr. PHILLIPS. Just until March 1. But, as of March 1 they will be back on a full year.

Mr. HAWKINS. Going into a regular cycle?

Mr. PHILLIPS. Yes, sir.

Mr. HAWKINS. This I construe to be a change of policy since last week.

Mr. PHILLIPS. No; not exactly, sir.

Mr. HAWKINS. If they were notified as of last week, they will still be notified of the 30-day program.

Mr. PHILLIPS. It is possible that some of the people who were employed by the Office of Economic-Opportunity may not have communicated the policy. But the policy has been, since the day I became Director, or Acting Director, that programs could rely on the word of the Federal Government for a 30-day extension, and that it was our hope that on March 1 we could move from this 30-day cycle into a normal funding cycle.

I have said that to newsmen; I have said it on television; I have said it to individual Members of Congress—ever since I took office. That is was our hope and our intention that on March 1 we could move to a normal funding cycle.

I fully confess to you, sir, my agreement that that communication, that intention, has not been effectively communicated to the world at large.

Mr. HAWKINS. It certainly was not communicated to this committee.

Mr. PHILLIPS. And we sought to reiterate and to clarify it and to make sure that it was better understood in an additional release we got out yesterday.

Mr. HAWKINS. It is good to at least have that clear, Mr. Phillips.

Mrs. Mink is recognized.

Mrs. MINK. Thank you, Mr. Chairman.

Mr. Phillips, the gnawing question which I would like to seek your response to is the question of the legality of the actions that you are taking to dismantle the community action programs.

I wonder if you would tell this committee under what law you are operating in this regard?

Mr. PHILLIPS. We are operating under the provisions of the Economic Opportunity Act. I think it would be useful for me to enter into the record—I don't want to trouble you with the entire reading of it now, but I would like to enter it into the record—a communication which went forward from me, transmitting the opinions of our Office of General Counsel to Senator Ribicoff, who raised some of these questions.

Mr. HAWKINS. Without objection, the statement may be entered in the record at this point and you may proceed.

[The information referred to follows:]

OFFICE OF ECONOMIC OPPORTUNITY, WASHINGTON, D.C., FEBRUARY 16, 1973

J. ALAN M'KAY, ACTING GENERAL COUNSEL; HOWARD PHILLIPS, ACTING DIRECTOR

Each question is stated and answered in the order in which it was presented.
1. Please list each program authority to be terminated or transferred.

Response.—No program authority is being terminated. While funding under Section 221 of the Economic Opportunity Act for the core Community Action activities, as well as support for State Economic Opportunity Offices, the Senior

Opportunities and Services program (SOS), and related training and technical assistance activities (T&TA) under section 280 will be local option in Fiscal Year 1974 and the F.Y. 1974 Budget requests no funding for them, the statutory basis for these activities will remain intact. States and local communities may continue to finance these activities with funds obtained through revenue sharing or with monies derived from other sources. As to program "transfers", it should be pointed out that no OEO program will be transferred within the purview of the Reorganization Act. More precisely, all OEO activities (other than the above listed activities for which no F.Y. 1974 funds are being requested) will either be delegated to other Federal agencies or will be undertaken under the legal authority of other Federal agencies. In both cases, the Budget requests the appropriation of funds directly to the receiving Federal agencies and funding is requested for all of these activities at the same or higher level than that requested for the Fiscal Year 1973.

2. What will be the effective date of each termination or transfer?

Response.—A date certain has not been established for accomplishing the actions described above (which, as is indicated, do not constitute termination or transfers). It is anticipated that action will be taken after April 1, 1973, and no later than June 30, 1973.

3. What is the authority for each termination or transfer?

Response.—Since no program authority is being terminated, the response is as set forth in answer to question No. 1 above. Pursuant to section 602(d) of the Economic Opportunity Act the following activities will be delegated to the Department of Labor:

1. Migrant and Seasonal Farmworker Program (title III-B).

2. Research in fields of manpower training and labor force participation (section 232).

OEO programs serving Indian people will be continued by the Department of Health, Education and Welfare in F.Y. 1974 and converted to a special emphasis (section 222(a) programs funded directly to Indian tribal councils. OEO will delegate the necessary section 222(a) authority to HEW.

All projects funded either under existing grants or contracts or grants or contracts funded in F.Y. 1974 will be carried out pursuant to the delegations under section 602(d). (For your convenience, attached is a copy of the text of Section 602(d) of the EOA which authorizes delegation of the Director's functions.) There are some activities currently funded by OEO which will be carried out in F.Y. 1974 under the legislative authority of other agencies, where that authority has been determined to be broad enough to encompass the EOA authority, thus obviating the necessity for a delegation of authority by OEO. These activities are as follows:

1. Alcoholic Counseling and Recovery Program: (Activities will be continued by National Institute for Alcoholism and Alcohol Abuse within HEW.)

2. Drug Rehabilitation Activities: (HEW's National Institute of Mental Health (NIMH) will continue these activities.)

3. Comprehensive Health Services and Family Planning: (These activities will be continued by HEW. Essential OEO health manpower activities will be supported within the Bureau of Health Manpower Education and in the National Institutes of Health.)

4. Housing R&D Activities: (The Department of Housing and Urban Development will utilize its R&D authorities to test ways to provide adequate housing for disadvantaged persons.)

With respect to the Emergency Food and Medical Services program, no funds are being requested for this program in F.Y. 1974, except that projects serving Indians and migrants will be continued from funds requested for direct appropriation to HEW and DOL.

4. How will the program authorities which cannot be transferred under section 28 of P.L. 92-424 be administered?

Response.—The Director's functions under section 221 (providing financial assistance for local initiative programs) are not being delegated in view of the fact that no local initiative funds for Community Action Agencies are being requested for F.Y. 1974. Accordingly, there is no issue as to the administration of this activity. (It is anticipated that the General Services Administration will be delegated authority, under other provisions of The EOA, necessary for the orderly phaseout of activities previously funded under the EOA, but no section 221 functions will be included in this delegation.) With respect to Title VII (Community Economic Development), the Office of Minority Business En-

terprise will request legislative authority to undertake the Title VII activities.

5. Do the provisions of the Reorganization Act, 5 U.S.C. 901, et seq., apply to any of these transfers? If not, why not? Do the provisions of section 601(b) of P.L. 88-452 apply to any of these transfers? If not, why not?

Response.—The provisions of the Reorganization Act do not apply to the actions outlined above. The Reorganization Act is not the exclusive mechanism by which receiving agency can legally carry out program activities of another agency. The Reorganization Act, itself, (at 5 USC 901(b)) recognizes that the purposes of the Act may be achieved by means other than under the terms of the Act. It is believed that Section 602(d) grants to the President and to the Director of OEO ample legal authority to achieve the initiatives set forth in the Budget to the absolute exclusion of the Reorganization Act. That it was contemplated that programs may be transferred under law without regard to the Reorganization Act is buttressed by the provisions of 31 USC 581c(b). This law, much like the provisions of the Reorganization Act (5 USC 901(4)), authorizes the President to transfer appropriations from one agency to another pursuant to a transfer of programs such as in the case of a delegation of authority. The only fair reading of Section 601(b) of the EOA is to grant the President authority to reorganize at any time without regard to the time restriction contained in 5 USC 905(b) for submitting reorganization plans. Beyond this, it is difficult, indeed, to interpret this language as providing to the President the exclusive mechanism for achieving the decisions reflected in the Budget. The legislative history applicable to Section 601(b) certainly provides no support to such interpretation. Lastly, OEO has entered into numerous delegation agreements over the past years of which the Congress was fully aware and which were not substantially different from those now proposed.

6. How do you distinguish between these transfers and the transfer of VISTA to ACTION under Reorganization Plan No. 1 of 1971?

Response.—The VISTA transfer to ACTION is vastly distinguishable from matters at hand. To begin, in the VISTA case a new agency was being created. No new agency is being established under the F.Y. 1974 budget decisions. More important, however, is the fact that several agencies besides OEO were transferring programs to ACTION. Those agencies did not have the legal authority, as does OEO, to delegate the programs to be carried out by ACTION. Consequently, there existed no legal mechanism to move those programs to ACTION.

7. What is the legal difference between a transfer under 601(b) and a delegation under 602(d)?

Response.—Section 602(d) authorizes another Federal agency to carry out the Director's functions under appropriate arrangements, and where the receiving agency requires powers granted to the Director to carry out such functions, it authorizes the delegation of such powers. Under this arrangement the head of the receiving agency conducts delegated activities under the authority of the EOA and in substitution for the Director. A transfer under section 601(b), utilizing the authorities of the Reorganization Act, would have the same effect as a statutory redesignation of the agency having primary authority to administer the program. While it is true that no funds have been requested for OEO in F.Y. 1974, the OEO per se is not thereby abolished. It will remain as a statutory entity.

8. When a program is delegated under section 602(d), what authority or responsibility does OEO retain? Please supply copies of the delegations of Head Start to HEW and Job Corps to the Labor Department.

Response.—The authority or responsibility OEO retains under a delegation varies largely according to the circumstances. In this connection, included are the requested delegated instruments, but also enclosed are delegation instruments pertaining to a delegation of authority from OEO to OMB under which OMB assumed the responsibility for the publication of the "Catalog of Federal Assistance Programs". It should be noted that OEO retained no responsibilities whatsoever with respect to the publication of the Catalog. It should also be noted that section 602(d) which authorizes the Director to delegate his functions to the heads of other Federal agencies does not require the Director to retain any authority over the conduct of the delegated functions. The section refers only to the maintenance of liaison and exchange of information between the agencies concerned.

9. What is the authority for terminating the operation of the entire Office of Economic Opportunity?

Response.—The various authorities to carry out the F.Y. 1974 budget decisions have been fully discussed above. Moreover, there is no statutory provision which would legally prevent the actions being taken with respect to OEO and its programs. It should be mentioned, however, the consideration is being given to a plan

under which a small OEO component would be retained within the Executive Branch to coordinate delegated programs and related activities.

10. Please submit any plans, documents, or orders concerning the proposed transfer or termination of the functions and authorities of OEO.

Response.—Attached is a summary of the Budget decisions. Other than this document, no materials of the type requested exist.

"Sec. 602(d) with the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of his functions under this Act and, as necessary or appropriate, delegate any of his powers under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the Office of Economic Opportunity and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the Office of Economic Opportunity and the furnishing of such information by such Office to such other agencies."

Mrs. MINK. If you will summarize the highlights of that memorandum for our benefit, Mr. Phillips—

Mr. PHILLIPS. All right.

Let me then respond to some of the major questions Senator Ribicoff asked.

In answer to his first question, the response is that no program authority is being terminated. While funding under section 221 of the Economic Opportunity Act will be local option in fiscal year 1974 and the fiscal year 1974 budget requests no funding for them, the statutory basis for these activities will remain intact.

States and local communities may continue to finance these activities with funds obtained through revenue-sharing or with moneys derived from other sources.

As for program transfers, it should be pointed out that no OEO program will be transferred within the purview of the Reorganization Act.

Mrs. MINK. May I interrupt at that point, Mr. Phillips? Under what presumption are you operating, that the budget recommendation of the administration is going to be the action of the Congress?

Mr. PHILLIPS. I have to assume that the President's budget will be adopted.

Mrs. MINK. What authority in the law gives you this right to issue instructions making such assumption, when the Congress has not yet acted on the appropriation measure and has in fact, authorized the program to continue in existence, which you readily admit, until July 1, 1974?

Mr. PHILLIPS. This is Mr. Trachtenberg, our deputy general counsel.

Mr. THOMPSON. Is he a lawyer?

Mr. PHILLIPS. Yes, sir.

Mr. TRACHTENBERG. The position of the Office of Economic Opportunity, on your question, Mrs. Mink, is that in carrying out the budgetary—

Mr. HAWKINS. Will you speak into the microphones, please? We are having difficulty hearing you.

Mr. TRACHTENBERG. In carrying out the budgetary considerations reflected in what has been submitted to the Congress now, certain actions have to be taken in anticipation of a favorable response by the Congress.

Now, as far as the fiscal year 1973 activities are concerned, with respect to community action we are continuing the funding of commu-

nity action on a 6-month basis. They are obviously being funded at that point under the provisions of section 221.

The expectation is that no funding will be made for community action under section 221 for fiscal year 1974 and, accordingly, we are taking action on that basis. The action is to give to the General Services Administration the authority to close down those community action agencies with respect to their dependence upon local initiative of funding under section 221.

The question in terms of specific law that dictates the provisions of section 602(d) of the Economic Opportunity Act gives the director of the agency very broad authority to delegate programs in his discretion, arrange for them to be carried out; and this provision is basically the authority that will be used with respect to the closedown getting to GSA the closedown responsibility for community action.

Mr. FORD. Will you yield for a question there?

Is that anticipation of action by the Congress the same as you use for withholding \$70 million for funds that were appropriated and directed to be spent for community action during the current fiscal year?

You have addressed yourself to anticipation of what you do in 1974. I wish you would address yourself to the authority by which you are withholding \$70 million from community action in 1973.

Mr. TRACHTENBERG. The nonexpenditure, nonobligation of fiscal year 1973 funds relates to a combination of many decisions.

In part, as Mr. Phillips earlier mentioned, it relates to funding programs and determining that programs meet the statutory basis for funding. Section 213, for instance, gives great responsibility to community action agencies, for fiscal responsibility for carrying out programs in a nonpartisan way.

The director and his staff are desirous to assure that this will occur, and to the extent that he does not feel confident that it can occur, these grantees will not be funded.

So, to that extent there is a reduction in the amount of expenditure for fiscal year 1973.

Mr. FORD. It has already been indicated that you intend to continue some programs beyond fiscal 1973, and there is no request for funds in fiscal 1974 to continue the programs. It is obvious, therefore, from the actions already taken internally, the regulations that you have printed in compliance with the statute in the Federal Register, that you intend to use a part of the money that Congress intended to be used for fiscal 1973 to fund these continuing activities in fiscal 1974, because you haven't asked for any other dollars.

Mr. TRACHTENBERG. In two respects that is not correct. We will be funding community action agencies for the 6-month period through June 30. That funding will carry them into fiscal year 1974, but it will be an obligation of fiscal year 1973 funds.

Mr. FORD. That is exactly what I have just said, that you are planning to spend fiscal 1973 funds in fiscal 1974.

Mr. PHILLIPS. Sir, that is a normal funding pattern. It is always true that funding is obligated in 1 year for expenditure in the following year, or at least it has been true in the Office of Economic Opportunity.

Mr. FORD. How about the remaining \$70 million that you have not obligated at this point that you anticipate will be used in fiscal 1974 instead of 1973.

Mr. PHILLIPS. We lose the authority to obligate it after midnight on June 30 of 1973.

Mr. REDENIUS. There is an estimate of spending between July and December of 1973, and that number, as I recall it, is on the order of \$150 to \$175 million. But this would be the spending of 221 moneys which had been obligated prior to June 30 by the agency.

But, each and every year of the agency's existence, some grantees have come up in April, May, and June. Grantees are staggered throughout the year. And when these grantees come up the normal practice has been to give them 12-month funding.

So, it is quite usual to have grantees whose programs extend into the subsequent fiscal year.

Mr. PHILLIPS. Let me make one additional comment on that. One of the problems we have encountered as an agency in the past, and one of the management devices that many directors have tried to implement—the problem is that many of the grants come due in the month of June, at the end of the fiscal year.

So you get all of your money obligated at the last minute, and it goes into the next year and what previous directors have tried to do, and what we are continuing, is to spread out that obligational authority over a 12-month period so that you get closer to the ideal of 1/12th coming due each month. But we haven't reached that ideal yet.

Mrs. MINK. May I return to my question on the legal authority?

The Congress is often unable to reach a final decision with respect to the forthcoming fiscal year's budget for many agencies going way past the June 30 end of the previous fiscal year in the deliberations.

What steps are you taking to carry over the CAP programs pending final congressional decision with respect to the programs? Suppose we do not arrive at decisions before June 30th? What is your policy position on this matter?

Mr. PHILLIPS. I am glad you qualified that in terms of CAP programs. I want to stress again that in terms of every other activity of the agency the spending is either equivalent or higher than the previous year. But in terms of community action, it has been pointed out by people on all sides of the debate that community action agencies really rely on OEO for only one-third of their total funding.

And if these organizations have succeeded in becoming local institutions with roots in the community, especially when you take into account the fact that they have been advised for 3 years by OEO that they should expect a phaseout of their reliance on OEO funding, and especially when you take into account the fact that we are giving them additional 6-month phaseout grants, the ones that really have strength, the ones that are really perceived by local officials as working well in the communities, I think will survive.

Mrs. MINK. Do you deny the fact, Mr. Phillips, as you yourself have stated, to the fact that the community action agencies have been able, because of their existence, to draw upon outside support in funding. This private support does not just double but triples CAA's program effect in their respective communities and that they will be destroyed if the basic support for their agency is withheld?

Mr. PHILLIPS. Well, I have to reiterate what I just said, that for several years we have advised that the end of their ability to depend on OEO funding for their overhead costs was in sight.

Mr. HAWKINS. Could you pull the microphone up closer? Thank you.

Mr. PHILLIPS. For several years, when I was serving as special assistant to Frank Carlucci, I recall vividly that the agency has repeatedly tried to communicate to community action agencies the fact that they were local institutions and that they should plan for the day when they could no longer rely on OEO to provide their overhead costs.

That day is here. And they are local institutions and to the extent that they have succeeded in persuading local officials and others in the local community that they are effective vehicles for dealing with problems of poverty, I am confident that those local officials will allocate their priorities in such a manner as to support them.

And we also have to bear in mind that by statistics which advocates of community action agencies have put forward, they rely on OEO for, I believe, less than a third of their actual cost.

Mrs. MINK. In your opening paragraph you made reference to the President's radio address of this past week and cited two criteria, which I assume by their reference, is the guiding policy under which you are operating.

That is: first, that control over decisions be placed in the hands of those to be directly affected by the decisions, and that services should be provided in a manner which fosters self-reliance.

May I ask explicitly what your agency is now doing to promote these two eloquent propositions stated by the President with respect to the OEO?

Mr. PHILLIPS. Thank you very much. I appreciate your agreement with their eloquence.

In terms of control over decisions being in the hands of those to be directly affected by the decisions, one of my concerns, as I have worked in OEO over these past 2 or 3 years, and as I have been associated with OEO and OEO-related activities before that, has been that to a very great extent the programs serve the organized poor at the disadvantage sometimes of the unorganized poor.

I have further observed situations in which people who are employees of the Office of Economic Opportunity, either in headquarters or in regional offices, have been in the position of arbitrarily imposing their own views over what is good and what is bad on local community action agencies.

They have said: "If you don't hire or fire, as the case may be, this particular employee, if you don't do this particular thing, then we are going to raise or lower or what have you, your funding within our discretion, as OEO officials."

I have also seen the figures about what a small percentage of poor people actually take part in the elections by which representatives of the poverty sector are selected for community action.

I believe that we have an excellent political system in this country. The fact of the election of the distinguished members of this committee should reinforce that in your minds, as well.

We have a political system that can work; we have a political system which affords every citizen the right to take part, the right and the opportunity to impact on public policy.

One of my great concerns is that we put too many decisions here in Washington, where they are made, not by elected officials, not even by persons appointed by elected officials, but by people in the middle ranks of the bureaucracy, who may arbitrarily assign dollars for expenditure in accordance with their own likes and dislikes.

So I think that by putting the money back where the people are, by sharing decisions with people at the local level, we do enhance the opportunity for poor people to exercise control over their own lives.

Mr. HAWKINS. Mr. Phillips, at this point, do I understand that you are making an eloquent speech now in behalf of maximum feasible participation and citizen participation in programs?

Mr. PHILLIPS. I believe that every citizen should have the opportunity to participate in the making of public policy.

Mr. HAWKINS. What becomes of citizen participation, then, under the Economic Opportunity Act? Are you advocating that that should be continued?

Mr. PHILLIPS. I am advocating that all citizens should take an active part in the public life of their communities.

Mr. HAWKINS. You are not responding to the question. It is written into the law now. Would you recommend that that provision of the law be continued, to insure the maximum feasible participation is continued even under local option, have you indicated that should be continued? Are you advocating that citizen participation in the program and the right of the poor to make decisions affecting their own lives should be continued at the local level?

Mr. PHILLIPS. Maximum feasible participation is a phrase that has been defined in different ways by different people. My own preference is to see a situation in which the poor have control over the dollars intended for their benefit and can themselves make the choices about how those dollars should be expended.

For example, I believe very strongly in the voucher activity that OEO has been sponsoring. I have lived in communities where poor parents have seen their children victimized by constant teacher turnover, inadequate textbooks, inadequate public school facilities, and where those parents have had no say whatsoever over the policies of the school committees and of the school boards in improving the quality of education.

If they were affluent parents, if they lived in affluent communities, or if they could move to another community, they could send their children to private schools—poor parents have not had that opportunity.

So that voucher approach of putting the money in the hands of poor parents and letting them make choices for themselves is an approach which I strongly believe in.

What has concerned me is that we have put money in the hands of bureaucrats in many of our programs, and let the bureaucrats make the decisions instead of the poor people. And that profoundly disturbs me.

Mrs. MINK. I have one final question: what precise programs providing funds for the poor, which you make reference to, are being recommended by the administration, which will go directly to the poor, to give them this kind of program which you are attempting to espouse?

Mr. PHILLIPS. With all of the talk about supposedly the war on poverty going down the drain, there is one salient, inescapable fact that is seldom reported. And that inescapable fact is that in fiscal year 1964 the Federal Government spent \$7.9 billion for the poor, and that in fiscal year 1974 the President is proposing to spend \$30.3 billion for the poor—a higher figure than ever before in history.

In addition, in our Office of Economic Opportunity we have set up a program evaluation unit, which is headed by a gentleman who is here today, by the name of Morgan Doughton, who is seated behind me, who has worked for most of his adult life in poverty communities trying to develop self-energizing communities, trying to develop greater opportunities for poor people to control their own destinies.

And, as we send these programs to other agencies for administration and future direction we are trying to close out our stewardship in a manner which will leave those new decisionmakers with policy recommendations and policy ideas for expenditure of funds, which will be enhancing.

Mrs. MINK. I was not addressing myself to ideas and policies. I was asking the precise question on funds.

Mr. PHILLIPS. The precise answer is that the dollars are more than ever before.

Mr. HAWKINS. Will the gentlelady yield? The gentlelady doesn't have any time left. I am sorry.

Mr. Steiger.

Mr. STEIGER. Thank you, Mr. Chairman.

Mr. Phillips, you have answered in terms of legal services this question about what happens in the future. It is still a little unclear in my mind what happens with community action. Would you give us some idea how many community action agencies will be forced to close their doors by June 30, 1973?

Mr. PHILLIPS. I would expect that the answer to that would be "none."

Dick, would you want to comment on that?

Mr. REDENIUS. Except as there might be an isolated case in a given regional office, where there was already some move to terminate a grantee for cause, based on the general funding guidelines we are talking about here, not a one. All grantees would receive at least an additional 6 months' funding, so that grantees that exclusively rely, if any do, on an OEO award, would not begin closing until at some point in fiscal 1974. But there aren't any of that sort. They derive their funds basically from three Federal sources and local sources as well.

Mr. STEIGER. The point at which the problem comes then is for those whose grants expire in July; is that accurate?

Mr. REDENIUS. Yes; I think it is actually August, because the 6 months basically was triggered as of February, so that it would be the end of July. Really August 1, yes, the first group.

And, because these are staggered on a 12-month basis, you will have a proportion.

Mr. PHILLIPS. It is hard to give an easy answer to that one, Congressman, because again, although we try to have our fundings come up one-twelfth each month, the fact of the matter is that they don't come up one-twelfth each month.

Mr. STEIGER. Can you give us some idea as to when the legal services legislation can be expected?

Mr. PHILLIPS. I expect it to come up very shortly, and I wish I could give you a precise date. I do not have a precise date at this point. But I would be surprised if it didn't come up within the next few weeks.

Mr. STEIGER. If a delay takes place in a legislative process, either because the 2 weeks is not mandatory of submission of a bill from the administration, or difficulty in reconciling differences between two houses, and final enactment of a corporation goes past you, could you give us some idea as to what happens to the legal service program?

Mr. PHILLIPS. Well, first of all, as a result of our ability to obligate funds in this fiscal year, which will continue grantees into the next fiscal year, we do not anticipate that there will be a major problem.

We hope and expect that the legislation which the President will propose will be enacted into law before June 30. So, to a very great extent I believe the question is, fortunately, hypothetical.

But there are enough avenues available so that I am personally convinced that the delivery of legal services to poor people will not be adversely affected.

Mr. STEIGER. You have separated, in response to an earlier question, the so-called "delivery legal services programs" from other forms of legal service programs, like the backups.

You may recall when Frank Carlucci was the Director of the Office of Economic Opportunity he said, and I will quote: "We believe that the backup centers, which primarily are engaged in research, are of great assistance to the lawyers. * * *"

The New York Times on February 19 quoted Mr. Barman in a memorandum as follows:

The problem of what to do about OEO's 13 backup centers is most urgent. Howard Phillips asked me to prepare a rationale for phasing them out and replacing them with an in-house unit.

I wonder, in light of that memorandum and your instructions to Mr. Barman, if you would give us some idea as to why these programs may not be continued and why there may be the possibility that there will not be additional granting?

Mr. PHILLIPS. First, there have been a variety of recommendations made about, for example, the OEO backup centers, as well as in regard to a whole variety of other programs.

There was even a former director of the Office of Legal Services who recommended that significant changes be made in that backup center program. I understand he may be testifying tomorrow, and you might want to ask him about some of those recommendations for a radical change in the backup center which he made.

We have received recommendations—that is Mr. McCarty, the head of the Legal Service Office, has received, a variety of recommendations I believe, on the backup centers. He has not transmitted to me his view on what is going to happen.

I am perfectly happy to convey to you my own view and tell you that I haven't made a decision on this; nor, as far as I know, has Mr. McCarty made a decision on it, and I don't think we will be making a decision on it in the next week or so.

Mr. STEIGER. You do face a very close date.

Mr. PHILLIPS. There are individual projects that can be considered on their own merits in the absence of a change in policy.

Mr. STEIGER. This, then, brings me to the point that at least I am concerned with, which has to do with the fact that you really have 3 or 4 months in which to establish a corporation.

The President, yourself, and others have expressed a strong commitment to maintain a legal services program. Why, in that light, is there that question being raised about backup centers, rather than allowing the corporation to make some basic decisions about the direction it wants to take?

Mr. PHILLIPS. Congressman, this isn't a new question; it is something that has been under study in the Office of Legal Services for a long time.

Beyond that, it is my responsibility, as long as I am in charge of the Office of Economic Opportunity, to see to it that I exercise my responsibility and prerogatives in an appropriate manner. And that means that I don't fund grants that I don't believe should be funded, or that I fund those that I do believe should be funded.

There is specific language in the bill, in the Economic Opportunity Act, which says that no program shall be approved for assistance under section 222(a), which is the legal services section, unless the director satisfies himself that the service to be provided under such program will be in addition to and not in substitution for, services previously provided without Federal assistance.

There are other similar obligations which I have, to make sure that I am carrying out my duties in a responsible fashion.

So, in regard to all of our grants, our job is not merely to transfer responsibility for programs. As long as those programs are under our authority it is my job to make sure that we spend our funds in a responsible and effective manner, and I intend to do that.

Mr. STEIGER. Can you, by Friday, supply us with a list of all of the applications which are pending for refunding in your regional or national office for legal services, giving the programs, the dates they submitted their applications, and the status of the applications?

Mr. PHILLIPS. Mr. McCarty says that that is entirely possible. We will have it to you by Friday.

Mr. STEIGER. And, second, given Mr. McCarty's new position, is it possible for you to also supply by Friday a table of organization for the legal services program, both national and regional and provide for both November 1, 1972, and today, No. 1, the qualifications for each position; No. 2, the names and qualifications of the persons holding the positions; No. 3, the salary and which agency of Government provides the salary for the person holding that position; and No. 4, which positions have been deleted and which positions have been added during that period.

That question, Mr. McCarty, I have written for you, in case you didn't take all of that down. I will be delighted to submit that to you.

Mr. PHILLIPS. I don't want to commit ourselves to providing all of that by Friday, but we will commit ourselves to providing it as quickly as we can.

Mr. STEIGER. Thank you.

Mr. HAWKINS. Mrs. Chisholm.

Mrs. CHISHOLM. Thank you very much.

Mr. Phillips, you seem to have some very strong ideas on Government and what the purposes of Government are in our country. There are a few questions I would like to ask you.

You were formerly associated with an organization called Young Americans for Freedom. Were you a paid staff member?

Mr. PHILLIPS. No; I don't believe I was. I have not been associated with that organization in my recollection, since 1961, so I really don't recall specifically.

Mrs. CHISHOLM. How long were you with that organization?

Mr. PHILLIPS. I was one of the founding members of that organization in September 1960, and I believe my membership carried through to the end of 1961.

Mrs. CHISHOLM. Is it true that you have now employed a staff, a special investigatory staff of some 50 persons at OEO?

Mr. PHILLIPS. I cannot tell you with precision the number of people who at this point in the OEO Office of Inspection. I will be happy to provide that figure for you. I don't think we have added 50 people to the OEO Office of Inspection.

Mrs. CHISHOLM. I would like you to send to this subcommittee a list and indicate how many of them have ever been affiliated with your old YAF movement and in what capacity.

Mr. PHILLIPS. Would it be possible for me to accompany that list with a members list of the members of OEO who have been members of SDS? I think that is a larger list.

Mrs. CHISHOLM. Yes; we want to be fair on both sides of the question.

Mr. PHILLIPS. Personally, I would object to subjecting any individual in the organization to screening on the basis of his organizational ties. I am somewhat of a civil libertarian and I have tried to select people on the basis of their abilities rather than on the basis of any organization they have been associated with.

And for that reason there are still quite a few McGovern Democrats in key positions whom I have not purged from the agency.

If you would like me to do that, I will consider it.

Mrs. CHISHOLM. I think it is very important that you submit such a list, in view of your very strong feelings about Government and what is the purpose of Government for people.

Let's move to another area quickly.

Do you think that the OEO programs that are aimed at giving grown people education in reading and writing are a kind of wicked form of collectivism?

What did you mean when you said that there is some kind of Marxism involved here? Have you read Das Kapital?

Mr. PHILLIPS. I have certainly read that statement, with great frequency.

Let me just say this, Mrs. Chisholm. I had an interview with a newspaper reporter which extended, oh, to an hour's discussion and I tried to make the point in the course of that discussion that poor people were not homogenous, that their needs were diverse, their problems were diverse, that the response that should be made to those programs is diverse, that it is wrong to treat, governmentally treat, people on a class basis, in the sense of treating them homogenously, in the sense of segregating them from the larger institutions of society.

And that the whole notion of setting people class against class was essentially a Marxist notion. I do not characterize OEO as a Marxist agency.

Mrs. CHISHOLM. Another question: You firmly stated that you considered it wrong for OEO to be encouraging advocacy of the American Society of Friends, the Panthers, and the National Welfare Rights Organization. Did you know that President Nixon is a Quaker?

Mr. PHILLIPS. I certainly do. He is a good Friend.

Mrs. CHISHOLM. The Society of Friends is old in the United States; it is an international religious organization and one of the very champions of democracy. Did you know that?

Mr. PHILLIPS. Let me say that what I indicated was that I objected to the idea of having Federal funds go to organizations, whether it was the American Friends Service Committee, or the Rural Housing Alliance, or the National Welfare Rights Organization, for purposes of political advocacy; that I think that it is improper for the Federal Government to subsidize political advocacy.

Because, while today they might fund for advocacy purposes a group with which you agree, tomorrow they might fund for advocacy purposes a group with which you disagree, like for example: Young Americans for Freedom.

And as a civil libertarian, which I am, I believe it is wrong to subsidize political activity out of tax funds.

Mrs. CHISHOLM. How do you feel about the fact that there are other organizations, such as corporate organizations and business organizations, that do come together, do organize together, in order to further their own interests, and yet you seem to have a different opinion about those of the lower rung of society.

Mr. PHILLIPS. I fully respect and esteem the right of poor people to organize. I fully esteem the right of groups like NWRO to organize for their own purposes and to seek social change and political change. That is a right guaranteed properly under our Bill of Rights.

What I object to is the Federal subsidization of some as opposed to others.

Mrs. CHISHOLM. I have no further questions at this moment.

Mr. HAWKINS. The Chair recognizes Mr. Kemp.

Mr. KEMP. I thank you, Mr. Chairman, for allowing me to ask a couple of questions.

I realize that it is almost heresy for a Member of Congress to ask whether or not programs once established by the Congress are working—8 years later. I am interested in the utilization test data survey which was a product of OEO.

Much has been made in the press about the \$1.3 billion ostensibly mobilized at the local level from public and private sources for the assistance of the poor.

Could you tell me whether or not you think this survey was successful in determining the mobilization of resources within the private sector by OEO?

Mr. PHILLIPS. Well, I think more has been made of it than was meant. You know we have had so many leaked memorandums that have reflected views other than my own, that I sometimes wonder if the way to more effectively accomplish what we are doing would be to leak a few ourselves.

That it one example. Another example of a memorandum prepared not at my direction, which didn't reflect our views, was the so-called legislative strategy paper, which was prepared before I became Acting Director of OEO.

In regard to the utilization study, essentially it was an anecdotal study, which asked individual community action agencies to give examples of how they had succeeded. There was no uniform standard of success or things to be mobilized, or what have you.

If you are interested in exploring in depth, Morgan Doughton, who heads our program evaluation unit, is here and he could analyze his views on it.

Mr. KEMP. I guess this goes to your view of whether or not \$1.3 billion is a significant achievement in mobilizing private and local initiative and resources.

Mr. PHILLIPS. No, it certainly doesn't represent a substantial percentage. If you take the base and seek to mobilize from the base and take into account the fact that much of the so-called mobilized resources were federalized resources, I don't think it indicates a very effective catalytic effort in many areas.

But I don't want to overgeneralize, because there may be some cases where they have been effective.

Mr. KEMP. Like many members of this committee, I am concerned about interim funding. What are you thinking with regard to special revenue sharing as it relates to the future of some of these programs?

What have you been doing to make sure that special revenue sharing might pick up some of these programs on a continuing basis?

What have you been doing, in fact, to make sure that special revenue sharing might, in fact, implement some of these programs on a continuing basis?

Mr. PHILLIPS. Let me ask Mr. Redenius to comment on that.

Mr. REDENIUS. Of course, there is the suggestion in the budget document itself that general revenue sharing funds would be available for these kinds of activities. And the current estimate is that by the end of fiscal 1974 approximately \$12 billion in general, no strings, rather than sharing moneys, will have been distributed to State and local governments.

Beyond that, the administration is resubmitting special revenue sharing packages in a number of areas. The manpower special revenue sharing as proposed to be effective as of July 1, 1973, would be available to pick up on a number of manpower training activities that are currently funded under community action.

In addition, the proposal for a special education revenue sharing package is being resubmitted. Examples such as we heard just a few minutes ago, of adult basic education after school, tutorial, remedial, kinds of education currently conducted by our grantees, could most assuredly be funded under the special revenue sharing package.

In addition, a community development special revenue sharing package will be introduced at some point in the spring.

Mr. KEMP. I understand from the chairman that we are going to continue this, so I will defer.

Mr. HAWKINS. At this point the Chair will deviate from regular order to call on the chairman of the Education and Labor Committee for a statement, if he desires to make one.

Chairman PERKINS. We have scheduled two important bills for markup before noon.

The gentleman from California, Mr. Hawkins, is certainly to be complimented for the way in which he has conducted the hearings and the way in which he is probing into the operations of OEO.

We originally set up the Office of Economic Opportunity, Mr. Phillips, to protect the poor so that they would have a responsive Government agency that would listen to their needs. This was the Office of Economic Opportunity.

For years the old line agencies never did anything much for the poor people of the country, and the Congress felt the poor people of the country should have a forum, so we placed one in the executive branch of the Government.

Now after only a few years it has been decided that the forum for the poor people of the country should be destroyed.

I personally feel this is a terrible mistake.

Regardless whether you have the legal right, or not, you are doing a great disservice to the poor people of this country in dismantling the Office of Economic Opportunity.

I think you are rendering a great disservice to the poor people of this country in destroying this forum.

In setting up this forum for the poor people, we had a long, hard road. It was a difficult task, in setting up the agency and I am most hopeful that the Congress will not go along with your plans. [Applause.]

Somewhere along the line I think the majority of the people of the country are going to reinstitute these programs for the poor people, are going to demand a forum for the poor people in this country. And I am going to add my voice to all the other voices that have spoken out here this morning against the way that you are conducting yourself in this dismantling the Office of Economic Opportunity. It is doing tremendous damage, irreparable damage, and there is no substitute.

The departments are not going to represent the poor people like they have been represented by the Office of Economic Opportunity and I am hopeful that you and the executive branch of Government, the administration, will have a change of mind and will let something that has been constructive continue in the future.

The poor people are at least entitled to this much representation, to have a forum in the U.S. Government, instead of being shuffled from department to department. It was our purpose to provide a central responsive agency when we enacted this legislation that all departments of Government would cooperate with.

And why do we see this dramatic change today? If you can answer in just a few words.

Mr. PHILLIPS. Mr. Chairman, I appreciate your coming by for this hearing. It is always an honor to see you.

Chairman PERKINS. We do have a dozen hearings, but answer the question.

Mr. PHILLIPS. I will try to do that in at least as few words as you did, sir.

I deeply respect your right to the opinion which you expressed. It is my personal view that the approach which has been symbolized in OEO has not been an approach which has effectively ameliorated conditions of poverty in our society.

I believe that in addition we have already seen examples—for example: in the case of Head Start and in the case of VISTA—where programs have perhaps even improved after the responsibility for them has been assumed by officials of other departments and agencies.

Beyond that, I think that what you just said represents a strong case for President Nixon's reorganization proposals. For what he is seeking to do, in creating, for example the Department of Human Resources, is to organize government by purpose.

Symbols are nice; other things are nice; but in terms of solving people's problems we have to measure our success in terms of results.

Chairman PERKINS. We have got to stop. You have not answered my question. But nothing was done for 185 years in this connection, and we have recently made tremendous progress.

Mr. PHILLIPS. I respectfully disagree with you. I think that this society has done more for overcoming poverty than the rest of the world.

Chairman PERKINS. I know about the various welfare programs but I am talking about the innovative programs that have originated in the Office of Economic Opportunity. After you admit they are good, you have no reason for destroying them, have you?

Mr. PHILLIPS. Sir, there is nothing that I am trying to destroy. We are seeking to reorganize, strengthen, and reform.

Mr. HAWKINS. Since 1968, Mr. Chairman, 51½ million persons have been added to the welfare rolls. This has been under this administration. If you call that successful—

Mr. PHILLIPS. I think it represents the success of some legal services lawyers, sir.

Mr. HAWKINS. That, I think, perhaps is as arrogant an answer as I have ever heard given to a concrete problem of human suffering, of individuals added to welfare rolls. You are saying that they were not legally added. And I think that is the most unfounded statement that can possibly be made. I think it is a disservice to the poor people of this country. [Applause.]

The subcommittee is going to stand in 10-minute recess so that the full committee can have its hearing.

May I indicate, however, Mr. Phillips, that we will give you a chance to respond this afternoon. We didn't want to cut you off, but we did have a time element.

Now, may I say that those who leave their seats will not be able to reclaim them. This is just a brief recess to allow the full committee to handle several bills. We will continue the hearing as soon as the full committee has completed its session.

[Whereupon, at 11:35 a.m. the subcommittee recessed and the full committee proceeded with other business.]

Mr. HAWKINS. The Subcommittee on Equal Opportunities will reconvene.

We had recessed. Mr. Phillips was giving some response to a statement made by the chairman of the full committee, Mr. Perkins. We had agreed to allow Mr. Phillips to respond if he desired to continue his statement.

Mr. PHILLIPS. Perhaps the best way for me to respond would be by putting something in the record.

I would merely want to indicate that the addition of people to the welfare rolls indicates the failure, rather than the success, of the

war on poverty, because I don't think people like to be on welfare.

There have been instances where the work programs of certain grantees—I can think of one—the Legal Rights Association, have set forth a policy which has had a strategic goal, the addition of people to the welfare rolls, in consonance with the strategy put forward by Cloward and Piven in their book on welfare some years ago, and it was to that that I was alluding.

Mr. HAWKINS. I think, Mr. Phillips, that the statement which I offered some objection to, the statement made by you to the effect that the number of persons added to the rolls was due to certain lawyers that have been on the legal services program—

Mr. PHILLIPS. It is the responsibility of a lawyer to represent his client. If that results in the client receiving welfare benefits, the lawyer is merely carrying out his duty.

What concerns me is when there is a conscious strategy to overload the rolls as was set forth by Cloward and Piven in their book.

Mr. HAWKINS. I don't know anything about the book to which you refer. The fact remains that 5 million persons have been added to the welfare rolls under this administration. This certainly indicates a breakdown of the economic policies of this administration for some other reason unexplained by you or anyone else.

Mr. PHILLIPS. I think it represents the failure of the war on poverty, sir.

Mr. HAWKINS. You have had the administration of this program for 4 years. Are you saying, then, that you have not operated the program successfully?

Mr. PHILLIPS. I am saying that we have concluded that the way in which the program has operated in the past has not been effective in alleviating poverty and it for that reason that the President has set in motion these efforts to reform the Federal antipoverty effort.

Mr. HAWKINS. And return the problem to the local officials. Is that the solution?

Mr. PHILLIPS. Well, in some cases we are transferring the authority to other departments and agencies to make sure the ongoing services are maintained. In other cases we are seeking new legislative authority. And in others, through a combination of returning resources and authority to the local level we are hopeful that more effective results can be achieved.

Mr. HAWKINS. The Chair will call on Mr. Clay.

Mr. CLAY. Mr. Phillips, you have been highly publicized in recent weeks about the statements which you have made and the statements which you have allegedly made.

One of those statements was attributed to the former head of the legal services department program. And he alleged that you made a statement last summer that:

Every country needs a Cato. I am going to be this country's Cato. Carthage was destroyed because it was rotten. I think Legal Services is rotten and it will be destroyed.

Did you make that statement?

Mr. PHILLIPS. No, sir. Congressman, I appreciate your raising that, because it reflects one of the concerns that I have. Because there was a newspaper story that appeared, I believe, in a Saturday issue of a local newspaper, which presented that quote as facts, not having

checked it with me, on the basis of a recollection by a former employee of OEO based on a supposed conversation of some months before.

I have always been clear in my concerns about funds intended to benefit the poor in legal services being diverted to political ends. I have never indicated my desire to end or in any way adversely affect the delivery of legal services to the poor.

Mr. HAWKINS. Would the gentleman yield?

In your statement, Mr. Phillips, and you have repeated that, you talked about funds of legal services being diverted into political channels. Will you specify what political channels?

Mr. PHILLIPS. Let me give you an example.

I have with me an example of a request for proposal for evaluation of legal services projects, which has been in use for some time. And included in this request for proposal, among other things, are standards set forth which are to be used in determining the success or failure of particular legal services projects or activities.

And one of the standards for evaluation set forth is the following. It says:

Describe the most significant changes your project has already been able to effect and other efforts currently underway in terms of litigation, in terms of the law and so forth.

And there are other quotes. And I would be happy to put this in the record: Changing laws or institutions to make them more responsive to the needs of the poor—that is fine. The question is: who decides what is good law and what is bad law?

And to me, to the extent that arises out of representation of a client that a law has changed, that is fine. But what I have objected to is the arrogation to the attorney of the right to decide what is good law and what is bad law.

Now, in terms of political example, one example, I believe was the Alameda County Legal Service Office in California, which was also operating as a voter registration office. There was the Pine Tree Legal Assistance Program in Maine, which was seeking to register prison inmates to vote just before the last election.

There have been a number of other instances. North Mississippi Rural Legal Services was heavily involved in a number of political legal activities. And I would appreciate the opportunity to include in the record further instances of political activity in the program.

I am not suggesting that these are the pattern. I don't want, with a broad brush, to tar the program. Most legal services attorneys have been responsibly and efficiently delivering legal aid to the poor.

Mr. HAWKINS. Would the gentleman yield so that we can put into the record in response to your question that Mr. Carlucci, before the Full Committee, just approximately a year ago, was questioned on this point and I think it is interesting that he disagrees, apparently with the position which you have taken.

It says: "Well, Congressman, once again the win-loss ratio of legal services programs is at the point where some 85 percent of the cases are concluded in the courts.

"Second, I would point out that by far the vast majority of cases handled by the legal services program are settled out of court."

Then, during the same period there was entered into the record a statement of Chief Justice Burger as to the importance of his pro-

gram, in which he said this "we, as a society, have said now the poor people who can't afford lawyers can go to Neighborhood Legal Services and if there is some law about his medical aid or his social security or whatever and he thinks this is discriminating against his particular problem in some way, legal service is now furnished to him to settle his problem and if necessary, test that out on the courts.

"And if the court decides that he is right, I have difficulty seeing how we can quarrel with the result. There is nothing new or revolutionary about testing laws or rights of the courts. Surely it is a more sensible solution than a picket line, a demonstration and a riot."

And he goes on in that vein.

Mr. PHILLIPS. I believe it is perfectly proper to test this kind of issue in the courts so long as it arises out of client representation. What has concerned me has been instances in which attorneys determine this kind of law is bad for poor people as a class and, therefore, let's find a client.

Mr. HAWKINS. You have referred to one case which I think is a very controversial one itself, and that is all that you have offered in indicting the whole legal services program.

Mr. PHILLIPS. I am not trying to indict the program, sir, but I would be happy to submit for the record additional examples.

Mr. HAWKINS. I wish you would, but I wish before you do that you would report your examples to a committee of the Congress and not to the newspapers in a way that maligns the program unnecessarily.

Mr. PHILLIPS. I would be happy to provide you transcripts of my interviews. I have been very precise in my language and I have sought to avoid tarring the program with a broad brush.

Mr. HAWKINS. I wish you would report to this committee the ones you think have been handled in a political manner but also at the same time point out the successes accomplished by the services.

Mr. PHILLIPS. There is no question that there have been very many important successes. That is why I am committed to the continuation of the program. It is my belief that by eliminating the representation of ineligible clients, by eliminating the diversion of funds away from the poor for political purposes, the poor will benefit.

I recognize and applaud the fact that the program has helped achieve equal access to justice for poor people, and I am committed to seeing that continue.

Mr. CLAY. Mr. Chairman, I will yield in a second.

I am glad you responded to my question about Cato, because I defended you on that point the other night in an argument with several people. I could not imagine you making such a statement, even though I had to admit there was a similarity or analogy between you and Cato.

Cato was very arrogant and very insensitive. And at the time he destroyed Carthage, that city was very prosperous and very successful. And I think at the time you are destroying our legal service program, it is very successful and very prosperous.

I further went on to point out that Cato committed suicide. I would like to say in your defense, sir, that I did not say you were Cato, even though I envisioned you as playing a significant role in a Roman circus.

In your presentation you seemed to have some very strong feelings about the ability of elected officials at the local and State level to relate to and understand problems of poor people in this country.

From the other statements, public statements that have been published, many of which you haven't denied, I seem to sense a total disregard, a total disrespect for those Members of Congress who are also elected by the same people and in most instances, by much broader and more vast constituencies than those local officials that you are now saying we ought to empower with the obligations of dispensing money to the poor.

My question to you is: Have you ever sought public office?

Mr. PHILLIPS. Yes, sir.

Mr. CLAY. What position did you seek, sir?

Mr. PHILLIPS. I sought election to Congress.

Mr. CLAY. Did you win?

Mr. PHILLIPS. I lost.

Mr. CLAY. Does that perhaps explain the contempt that you have for this Congress?

Mr. PHILLIPS. Sir, I have nothing but the highest regard for this Congress in particular, and Congress as an institution.

Mr. CLAY. Is that why you are failing to obey the mandates of this Congress when it sets up an agency and have set up an agency that is specifically empowered to address itself to the needs of the poor and you have, without any legislative authority whatsoever, begun to dismantle and to transfer the various programs to other existing organizations?

My question is: Where do you get the power in this matter?

Mr. PHILLIPS. There is ample precedent for this in regard to Head Start, in regard to Job Corps and in regard to a host of other programs which have operated under the Office of Economic Opportunity.

Everything we are doing is consistent with the law.

Mr. CLAY. Is that right?

Mr. PHILLIPS. Yes, sir.

Mr. CLAY. I think that this Congress might decide whether or not it is consistent with the law.

I have a question here in regard to your failure to respond to Mrs. Mink's question earlier. You responded by saying that this Government was spending \$30 billion for the poor. I would like to know where that money is going and how the poor are involved in making the decisions that you say they ought to be involved in, in determining their own destinies.

How are they involved in spending that \$30.3 billion that you are responding to Mrs. Mink about?

Mr. PHILLIPS. They are certainly not involved in control over the funds reposed in Washington beyond their reach. Mr. Redenius can spell out in detail the specifics of that \$30.3 billion figure. I would appreciate an opportunity to place them into the record, if I may.

Mr. HAWKINS. You say they are available, Mr. Phillips?

Mr. PHILLIPS. Yes, sir.

Mr. HAWKINS. Without objection, the information will be furnished to the subcommittee and entered in the record at this point.

[The information referred to follows:] --

FEDERAL BENEFITS TO THE POOR—SUMMARY TABLES

The figures in the attached summary tables are estimates of direct benefits provided to the poor (persons below the Census-Bureau-defined poverty thresholds) by the Federal government through expenditures and direct loan pro-

grams. The figures shown are outlays—not obligations or budget authority. (For direct loan programs—which amount to about \$0.05 billion of the estimated \$30.3 billion requested for Fiscal Year 1974—gross loan disbursements were used as an appropriate measure of program level.) In all cases, the figures shown are the estimated portion of program funds directly benefiting the poor, rather than the total funds for the program. Details may not add exactly to totals due to independent rounding.

For each program, estimated outlays benefiting the poor were calculated by taking a total program outlays figure and multiplying it by the appropriate poverty percentage factor. For Fiscal Years 1964 through 1972, the total program outlays figures used were the actual outlays figures for those fiscal years. For Fiscal Year 1973, the total program outlays figures used were the outlays estimates prepared for the Fiscal Year 1974 Budget Appendix (issued in January 1973) for outlays during Fiscal Year 1973 (ending on June 30, 1973); these estimates include the effects of proposed rescissions and budget amendments. For Fiscal Year 1974, the total program outlays figures used were those projected to occur if the exact amounts in the President's Fiscal Year 1974 Budget request were appropriated; these projected estimates also include the outlays effects of proposed rescissions and budget amendments and proposed legislation. In general, calendar year 1971 poverty thresholds—the most recent thresholds available when the Fiscal Year 1974 Budget was issued—were the latest poverty thresholds used in arriving at estimates of the proportions of program outlays directly benefiting the poor. In a few cases, though, the estimated 1972–1974 poverty thresholds prepared for the Special Analysis of Federal Income Security Programs were used.

The basic units used in assembling the estimates shown in these tables were generally the appropriation accounts and activity lines within appropriation accounts as shown in the Fiscal Year 1974 Budget Appendix. Programs administration funds were excluded from these estimates except for minor cases where the amounts involved were small and the outlays in question could not easily be broken out from the appropriation structure used by the administering agency.

The estimates in these tables are the result of over two years of intensive work to upgrade the quality of estimates of Federal benefits to the poor. This work has increased the internal consistency of the estimates, adopted improved estimating techniques and incorporated data sources which had previously not been used. In addition to the new data sources (on such programs as vocational rehabilitation, "black lung" benefits to disabled coal miners, and vocational education) incorporated into the estimates issued last year, the most significant improvements in this year's estimates are in those for Social Security and railroad retirement benefits. For the first time, sufficient information became available to make possible a bridging between Census Bureau figures on the aged poor in 1970 and 1971, and Social Security Administration projections concerning the aged poor in 1972 and 1973. (Besides the estimates for Social Security benefits, the new information also affects the estimates for Medicare.) In addition, certain detailed tabulations on railroad retirement benefits became available for the first time. Because of these and other improvements in the quality of the data base, the figures in the attached tables differ from previously released estimates of Federal benefits to the poor.

The estimates in these tables are from an OEO analysis based both on data supplied by the agencies administering the programs involved and data from other sources (e.g., the Census Bureau). Some of these tables appeared in an OMB release dated February 6, 1973, and in an OEO release dated February 20, 1973. It is hoped that it will be possible to prepare detailed backup sheets on the individual programs covered by these estimates; figures for each program would be rechecked during this progress. If any typographical or other errors should be detected during the course of this rechecking, they would be corrected possibly causing any final revision of this series of estimates to differ slightly from the figures in the attached tables.

FEDERAL BENEFITS TO THE POOR

The poverty population is defined by the Census Bureau in terms of family size and annual family income before taxes. In 1971, 25.6 million persons—12½% of all Americans—had income below the poverty line (\$4,113 for a family of four). Of this total, almost half (48%) were children and youth 21 or under, about a third (35%) were adults between 22 and 64, and about one-sixth (17%) were aged 65 and over. Seventy percent were white and 30% nonwhite. In terms of residency, 35% lived in central cities, 22% in metropolitan areas but outside central cities, and 43% in nonmetropolitan areas.

The general trend in the poverty population has been downward since 1959, when there were 39.5 million persons (22% of the Nation's population) below the poverty level. (The lowest figure reached was 24.1 million, in 1969.) In net terms, all of the decrease during the period since 1959 has been in male-headed families; as a result, the proportion of the poor who are in female-headed families (not including female unrelated individuals) has risen from 18% in 1959 to 31% in 1971. Although the total number of poor persons was about the same in 1970 and 1971, the number of aged poor persons decreased from 4.8 million in 1970 to 4.3 million in 1971, due in large part to increases in Social Security payments between December 1969 and March 1971. A computerized population model projects that the number of aged poor persons will decrease further to 3.1 million in 1973, due to additional Social Security increases enacted in 1972.

Preliminary data on the dynamics of poverty suggest that the poverty population is not composed simply of a large group of families who are poor year after year. Instead, as many as one-third of the families who are poor during a given year are nonpoor the next year, and from one-fifth to one-third of the families who are poor during a given year were nonpoor during the previous year. Among the subgroup which does remain in poverty for several years in succession, there is a heavy concentration of families headed by an aged person and of female-headed families.

Table I and Table II (on next page) show how Federal benefits to the poor have grown since Fiscal Year 1964, reaching an estimated \$30.3 billion in Fiscal Year 1974—11% of the total outlays in the President's Fiscal Year 1974 Budget request. Cash payment programs—Social Security, public assistance, and so on—continue to be the largest single component of Federal benefits to the poor, making up an estimated 43% of the total in Fiscal Year 1974. In addition to existing programs, one of the major items in this category in Fiscal Year 1974 will be the new Supplemental Security Income program (included in the "Public assistance payments" line), combining three of the four major existing public assistance programs (those for the aged, the disabled, and the blind) under Federal administration. Because of the projected decline in the number of aged poor persons during the calendar year 1971–1973 period, the proportion of Social Security benefits going to the smaller number of aged persons remaining in poverty is projected to decrease also; this is the reason for the decrease in the "Social Security and railroad retirement" line from Fiscal Year 1973 to Fiscal Year 1974. (See Table II, note 1.) The second largest component of Federal benefits to the poor is Health programs—e.g., Medicaid and Medicare. The component showing the greatest percentage increase from Fiscal Year 1972 to Fiscal Year 1974 is the Income security/in-kind category (food and housing subsidy programs), due in great part to increases in housing assistance payments (for existing units) and to a lesser extent to a Fiscal Year 1972–1973 increase in the food stamp program. For Fiscal Year 1974, both the Education and the Manpower categories contain proposed special revenue sharing programs to be funded by merging together a number of existing programs. For each of the proposed special revenue sharing programs, estimates were projected for this tabulation on the assumption that the proportion of funds benefiting the poor under the new program would remain about the same as the average proportion of funds benefiting the poor under the existing programs proposed to be merged into special revenue sharing.

TABLE I.—FEDERAL OUTLAYS BENEFITING THE POOR BY FUNCTIONAL PROGRAM AREAS BY FISCAL YEAR
[In billions of dollars]

Functional program area	Actual							— Estimated			
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Cash payments.....	6.6	6.6	7.0	7.1	7.6	8.2	8.8	10.9	12.2	13.0	12.9
Income security/in-kind.....	.4	.4	.4	.4	.5	.7	1.2	2.6	3.2	3.8	4.0
Education.....	.2	.2	.7	1.1	1.2	1.2	1.5	1.8	2.0	2.0	2.1
Health.....	.4	.5	.8	2.1	3.0	3.6	4.2	5.0	6.2	6.0	6.9
Manpower.....	.1	.3	.9	1.1	1.4	1.4	1.5	1.9	2.4	2.6	2.2
Other.....	.2	.2	.5	.7	.9	.9	1.2	1.4	2.3	2.7	2.3
Total.....	7.9	8.3	10.2	12.4	14.7	16.1	18.3	23.6	28.3	30.1	30.3

¹ These figures have been adjusted to be comparable to those for earlier and later years by including public assistance payments for intermediate care facilities in the "Medicaid" subtotal (under "Health") rather than in the "Public assistance payments" subtotal (under "Cash payments"). (The unadjusted figures were 8.2, 8.9, and 11.1 for "Cash payments"; 2.3, 2.6, and 3.8 for "Public assistance payments"; 3.6, 4.1, and 4.8 for "Health"; and 1.4, 1.7, and 2.3 for "Medicaid.")

TABLE II.—FEDERAL OUTLAYS BENEFITING THE POOR BY FUNCTIONAL PROGRAM GROUPS AND SUBGROUPS BY FISCAL YEAR
[In billions of dollars]

Program group and subgroup	Actual										Estimated	
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 request	
Cash payments.....	6.6	6.6	7.0	7.1	7.6	8.2	8.8	10.9	12.2	13.0	12.9	
Social security and railroad retirement.....	3.8	3.8	4.3	4.3	4.4	4.8	5.0	5.6	5.8	6.2	5.7	
Public assistance payments.....	1.6	1.7	1.6	1.7	2.0	2.2	2.5	3.6	4.6	4.9	5.4	
Veterans compensation and pensions—including survivors benefits ¹.....	.8	.9	.9	.9	.9	.9	1.0	1.1	1.1	1.1	1.0	
Unemployment benefits.....	.3	.3	.2	.2	.2	.2	.3	.6	.7	.6	.5	
Other cash payments—excluding veterans compensation ²	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	.1	.1	.1	.3	.2	
Income security/in-kind.....	.4	.4	.4	.4	.5	.7	1.2	2.6	3.2	3.8	4.0	
Food stamps.....	(⁴)	(⁴)	(⁴)	.1	.1	.2	.4	1.4	1.7	1.9	1.9	
Child nutrition programs—including commodities for schools.....	(⁴)	.1	(⁴)	(⁴)	.1	.1	.2	.3	.5	.6	.6	
Other food programs.....	.2	.2	.1	.1	.1	.2	.3	.4	.3	.3	.3	
Housing subsidy payments.....	.1	.1	.2	.2	.2	.2	.3	.5	.7	1.0	1.1	
Education.....	.2	.2	.7	1.1	1.2	1.2	1.5	1.8	2.0	2.0	2.1	
Early childhood education.....	(⁴)	(⁴)	.1	.3	.4	.3	.3	.3	.3	.4	.4	
Higher education.....	(⁴)	(⁴)	.1	.1	.2	.2	.2	.3	.4	.4	.4	
Elementary and secondary education.....	.1	.1	.4	.5	.5	.6	.7	.9	1.0	.9	.3	
Other education.....	.1	.1	.1	.1	.1	.1	.2	.2	.3	.3	.2	
Education revenue sharing.....											.7	
Health.....	.4	.5	.8	2.1	3.0	3.6	4.2	5.0	6.2	6.0	6.9	
Medicaid.....	1.1	1.2	.5	.7	1.1	1.4	1.8	2.5	3.3	3.1	3.7	
Medicare.....				.9	1.4	1.6	1.7	1.7	1.8	1.7	1.9	
Other health.....	.3	.3	.4	.4	.5	.6	.7	.9	1.1	1.2	1.3	
Manpower.....	.1	.3	.9	1.1	1.4	1.4	1.5	1.9	2.4	2.6	2.2	
Skill training.....	.1	.2	.5	.6	.7	.8	.9	1.1	1.3	1.3	.9	
Work support.....		.1	.3	.4	.6	.5	.5	.6	.9	1.1	.4	
Manpower revenue sharing.....											.7	
Labor market services.....	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2	
Other.....	.2	.2	.5	.7	.9	.9	1.2	1.4	2.3	2.7	2.3	
Community action, model cities, and so forth.....	(⁴)	(⁴)	.2	.4	.5	.5	.6	.7	.7	.7	.5	
Miscellaneous human investment.....	(⁴)	.1	.1	(⁴)	.1	.1	.1	.1	.1	.1	.1	
Social services, child care, and other miscellaneous maintenance.....	.1	.2	.2	.3	.3	.3	.5	.7	1.4	1.9	1.7	
Total.....	7.9	8.3	10.2	12.4	14.7	16.1	18.3	23.6	28.3	30.1	30.3	

¹ These figures have been adjusted to be comparable to those for earlier and later years by including public assistance payments for intermediate care facilities in the "Medicaid" subtotal (under "Health") rather than in the "Public assistance payments" subtotal (under "Cash payments"). (The unadjusted figures were 8.2, 8.9, and 11.1 for "Cash payments"; 2.3, 2.6, and 3.8 for "Public assistance payments"; 3.6, 4.1, and 4.8 for "Health"; and 1.4, 1.7, and 2.3 for "Medicaid.")

² In these years, the "Public assistance payments" line includes some payments for medical assistance under pre-medicaid programs. (The amounts for these years on the "Medicaid" line are for the premedicaid medical assistance for the aged program.) For fiscal year 1966 and all subsequent years, all public-assistance-related medical assistance payments are included in the "Medicaid" line.

³ These aggregations differ from those used in previous versions of this tabulation. In previous versions, veterans pensions have been grouped together as a separate aggregate, while veterans compensation programs have been included in the "Other cash payments" aggregate.

⁴ Less than \$500,000,000.

⁵ Some programs included in these lines in fiscal year 1973 and prior years are proposed to be replaced by education revenue sharing in fiscal year 1974. The amounts for these lines in fiscal year 1974 include outlays for these programs from obligations made in fiscal year 1973 and prior years (no funds being requested for these programs in fiscal year 1974).

⁶ A number of programs included in the "Skill training" and "Work support" lines in fiscal year 1973 and prior years are proposed to be replaced by manpower revenue sharing in fiscal year 1974. (These programs are all included in the "Manpower training services" appropriation account—the proposed "Manpower revenue sharing" account.) Proposed activities under the "State and local programs" activity line of the "Manpower training services/manpower revenue sharing" account in fiscal year 1974 are included in the "Manpower revenue sharing" line of table II. Existing programs and subprograms under that account which are not proposed to be replaced by manpower revenue sharing in fiscal year 1974 (the activities under the "National programs" activity line of the "Manpower training services/manpower revenue sharing account") are included in the "Skill training" and "Work support" lines (as appropriate) of table II for fiscal year 1974.

⁷ Most of the amounts in these lines in fiscal year 1974 are outlays for obligations made in fiscal year 1973 and prior years (no funds being requested for most of the programs in these lines in fiscal year 1974).

NOTES ON TABLES I AND II

1. This tabulation is based on the Census Bureau definition of poverty, for which the starting point is a family's total money income including government transfer payments. Accordingly, if a family (or individual) receives a Federal income transfer payment but remains in poverty even after receipt of that payment, the dollars in question would be included in this tabulation. However, if a family (or individual) receives a Federal income transfer payment which raises its total income (after the payment) above the poverty threshold, the dollars in question would not be included in this tabulation, since the family is no longer in poverty by the Census Bureau definition (even though it would have been in poverty without the transfer payment). This consequence of the definition used here is what is behind the slight Fiscal Year 1973-1974 decrease (noted in the text) in the "Cash payments/Social Security and railroad retirement" line. Overall Social Security benefits (i.e., going to both the poor and the non-poor) are expected to rise. However, the number of Social Security recipients remaining in poverty is projected to decrease after the recently enacted benefit increases; accordingly, Social Security benefits going to those remaining in poverty are expected to decrease also.

2. Almost the opposite effect is in evidence in the "Cash payments/Public assistance payments" line for Fiscal Years 1970-1972. Figures in this line rose sharply from Fiscal Year 1970 to Fiscal Year 1972. A significant portion of this rise (almost a third of the Fiscal Year 1970-1971 portion, and over half of the Fiscal Year 1971-1972 portion) was due to increases in the poverty percentage estimates for public assistance payment programs—i.e., an increase in the estimated percentage of recipients remaining in poverty even after receiving assistance payments. Total public assistance payment outlays (i.e., going both to persons remaining poor and to persons raised just above the poverty threshold by the payments) also increased during this period, but less sharply than estimated public assistance payment outlays going only to the poor (those remaining in poverty).

Estimated outlays going to the poor for Medicaid and for public-assistance-related social services (included in the "Other/Misc. Maintenance" line) also increased at a more rapid rate than total outlays (going to both the poor and those slightly above the poverty line) for those two programs during the Fiscal Year 1970-1972 period, since the poverty percentage estimates for those two programs were derived from the estimates for the public assistance payment programs.

(Because of the approximations involved in deriving the poverty percentage estimates for the public assistance payment programs—no data being available on the effect on total family incomes of less-than-full-year receipt of assistance or of receipt of other transfer payments or part-time earnings—a full measure of caution should be used in generalizing from the percentages. Increases in the percentages for the Old Age Assistance and Aid to the Blind programs may be below the level of statistical significance. However, for the Aid to Families with Dependent Children program and (to a lesser extent for the Aid to the Permanently and Totally Disabled program, it seems reasonable to assume that the rise in poverty percentages reflects a genuine increase from Fiscal Year 1970 to Fiscal Year 1972 in the proportion of recipients remaining in poverty even after receiving assistance payments.)

3. The Fiscal Year 1972-1973 decrease in the "Health" category is due to a decrease in Medicaid outlays (due to the making of an advance Medicaid payment for Fiscal Year 1973 to the states in June 1972) and to a lesser extent to a decrease in estimated Medicare benefits going to the poor which reflects the Social Security projections for calendar years 1972-1973 referred to above. (Medicare-for-the-aged outlays for the poor are projected to continue to decrease from Fiscal Year 1973 to Fiscal Year 1974, but this is expected to be offset by the effect of extension of Medicare benefits to certain disabled persons in the latter year.)

4. The Fiscal Year 1973-1974 decrease in the "Manpower" category is due to the phasing down of the Emergency Employment Assistance program and to an outlays decrease in the Manpower Training Services account (associated with preparations for and creation of the proposed Manpower Revenue Sharing program to be achieved without new legislation by the end of Fiscal Year 1974); the total decrease for the category is less than the sum of these two decreases because of increases in the Work Incentive Program training component and vocational rehabilitation.

5. The Fiscal Year 1973-1974 decrease in the "Other" category is due in about equal parts to: (1) the decision to terminate direct Federal funding of the Community Action program; and (2) an outlays decrease in the social services program (under the Grants to States for Public Assistance appropriation account) due to several factors including the recently enacted statutory ceiling on costs of this program.

Table III presents a breakdown of Federal benefits to the poor by general purpose and eligibility criteria. Human investment programs are programs designed to benefit the poor by assisting them to break out of the cycle of poverty. This category includes programs that actively promote education, the development of work skills, and community and economic development; examples are the College Work-Study program, the Job Opportunities in the Business Sector (JOBS) program, and Community Action. Maintenance programs provide income support and certain non-cash support and services to meet some of poor people's basic needs of life. In addition to income support programs, this category includes food, health, and housing assistance; examples are Social Security, public assistance, Medicaid, food stamps, and maternal and child health services. Human Investment outlays rose from 5% of total Federal benefits to the poor in Fiscal Year 1964 to 22% in Fiscal Year 1968; the proportion has gradually shifted since then, reaching 17% in the Fiscal Year 1974 Budget request.

Within each of the above categories, programs may be classified by eligibility criteria as poverty entitlement or normal entitlement. Poverty entitlement programs are programs for which persons qualify specifically because they are poor or have low incomes. Examples include public assistance, Medicaid, and the JOBS program. Normal entitlement programs are programs for which persons qualify for some reason other than their poverty—e.g., because of prior work experience (Social Security, unemployment benefits), age (Medicare), or mental or physical handicaps (vocational rehabilitation). In general, the proportion of total Federal benefits to the poor in the Poverty Entitlement category has been increasing throughout the Fiscal Year 1964-1974 period.

TABLE III.—FEDERAL OUTLAYS BENEFITING THE POOR BY ANALYTICAL CATEGORIES BY FISCAL YEAR
(In billions of dollars)

Category	Actual									Estimated	
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 request
Human investment.....	0.4	0.6	1.9	2.6	3.2	3.2	3.6	4.4	5.2	5.5	5.0
Human investment/poverty entitlement.....	.1	.4	1.5	2.3	2.7	2.7	3.0	3.7	4.2	4.2	3.1
Human investment/normal entitlement.....	.2	.3	.3	.4	.5	.5	.6	.8	1.1	1.3	1.8
Maintenance.....	7.5	7.7	8.3	9.8	11.5	12.8	14.7	19.1	23.1	24.6	25.4
Maintenance/poverty entitlement.....	3.0	3.2	3.4	3.9	4.9	5.6	7.0	10.5	13.8	15.0	15.9
Maintenance/normal entitlement.....	4.5	4.5	4.9	5.9	6.6	7.2	7.7	8.7	9.3	9.6	9.5
Total.....	7.9	8.3	10.2	12.4	14.7	16.1	18.3	23.6	28.3	30.1	30.3
Poverty entitlement—total.....	3.1	3.5	4.9	6.2	7.6	8.4	10.0	14.2	18.0	19.2	19.0
Normal entitlement—total.....	4.7	4.8	5.3	6.3	7.1	7.7	8.3	9.4	10.3	10.9	11.3

NOTES

1. The Fiscal Year 1973-1974 decrease in Human Investment is due to the Manpower decreases and the decision to terminate direct Federal funding of the Community Action program that were noted in connection with Tables I and II (notes 4 and 5). Social services does not contribute to this decrease, since social services is not a Human Investment program. (The decrease in the "Human Investment/Poverty Entitlement," line additionally reflects the proposed replace-

ment of some existing Federal education programs—including certain Poverty Entitlement programs—by education revenue sharing, which would not be restricted to the economically disadvantaged. The sharp Fiscal Year 1973–1974 rise in the “Human Investment/Normal Entitlement” line is another reflection of this proposed replacement.)

2. The slight Fiscal Year 1973–1974 decrease in the “Maintenance/Normal Entitlement” line reflects the projected decrease in Social Security benefits going to persons remaining in poverty.

3. The Fiscal Year 1973–1974 decrease in the “Poverty Entitlement—total” line reflects the decreases discussed in note 1 in connection with Human Investment and the “Human Investment/Poverty Entitlement” line; the effect of these decreases is partially offset by an increase for Fiscal Year 1974 in the “Maintenance/Poverty Entitlement” line due almost entirely to increases in Public assistance payments and Medicaid.

4. Similarly, the Fiscal Year 1974 reflection of the proposed education revenue sharing program in the “Human Investment/Normal Entitlement” line (note 1) more than offsets the slight decrease in the “Maintenance/Normal Entitlement” line (note 2)—hence the increase shown in the “Normal Entitlement—total” line from Fiscal Year 1973 to Fiscal Year 1974.

Table IV shows the largest individual programs contributing to the estimated \$30.3 billion in benefits to the poor in the fiscal year 1974 budget request. Social security payments are estimated to represent 18 percent of the total in that year. Public assistance payments will account for another 18%. Medicaid will contribute another 12% of the total. The food stamp program makes up an additional 6%, and Medicare benefits to the poor account for a like amount. These five major programs account for three fifths of total Federal outlays benefiting the poor.

(Sufficiently detailed data are not available to permit an analytically satisfactory dollar estimate of Federal benefits to the aged poor (those 65 or over). However, it may be noted that a significant number of programs aiding the poor provide substantial benefits to the aged poor. In the Cash payments category (see Table II), perhaps three fourths of Social Security (Old Age and Survivors Insurance only) benefits, railroad retirement benefits, and “black lung” benefits (included in the “Other cash payments . . .” line) go to the aged. All of the present Old Age Assistance program payments (corresponding to roughly two thirds of the new Supplemental Security Income program payments) go to the aged, as do significant portions of veterans pensions. Among non-cash programs, one may mention Medicare, Medicaid (a little over one third of the benefits under this program going for the aged), and expanded feeding and social service programs for the aged under the Administration on Aging. The proportion of Federal benefits to the poor going to the aged poor during the Fiscal Year 1972–1974 period is probably on the order of one third.)

Table V presents a breakdown of Federal outlays benefiting the poor by agency. For each fiscal year, the figure for each agency includes outlays under all relevant appropriation accounts listed under that agency in the Budget Appendix covering that year. In some cases, the agency which actually administers a program is not the agency under which the appropriation account for that program is listed in the Budget Appendix.

The Department of Health, Education, and Welfare continues to provide the major portion of Federal outlays benefiting the poor. In Fiscal Year 1974, it is estimated that HEW will spend \$22.0 billion—73% of the total. Because of its food programs, the Department of Agriculture ranks second in this table, spending an estimated 10% of the total for Fiscal Year 1974.

Except for OEO Health and Nutrition programs (\$0.1 billion in Fiscal Year 1974), all programs initiated under the Economic Opportunity Act (EOA) of 1964 are Human Investment programs. These programs accounted for almost two thirds of the \$2.8 billion rise in Human Investment outlays benefiting the poor from Fiscal Year 1964 to Fiscal Year 1968. (See Table III.) Outlays under those programs made up about one eighth of total Federal outlays benefiting the poor and over one half of Human Investment outlays at the end of that period; these proportions have been decreasing since then. As funds for the EOA manpower programs, Head Start, and other EOA-initiated programs has been “spun off” from OEO to other agencies, outlays for those programs have been shifted out of the OEO subtotal into the HEW, Labor, and “All others” subtotals.

TABLE IV.—FEDERAL OUTLAYS BENEFITING THE POOR BY MAJOR PROGRAMS BY FISCAL YEAR

(Dollar amounts in billion)

	Actual				Estimated			
	1971		1972		1973		1974 request	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Social Security (OASI) plus DI).....	\$5.3	22	\$5.6	20	\$5.9	20	\$5.5	18
Public assistance payments (including supplemental security income in fiscal year 1974).....	13.6	15	4.6	16	4.9	16	5.4	18
Medicaid.....	12.5	11	3.3	12	3.1	10	3.7	12
Food stamps.....	1.4	6	1.7	6	1.9	6	1.9	6
Medicare.....	1.7	7	1.8	6	1.7	6	1.9	6
Social services (under grants to States for public assistance appropriation account).....	.5	2	1.3	5	1.6	5	1.4	5
Veterans pensions (including survivors pensions).....	.9	4	.9	3	1.0	3	.9	3
Low-rent public housing (annual contributions including operating subsidies).....	.4	2	.6	2	.8	3	.9	3
Manpower training services—manpower programs for the disadvantaged ²	1.2	5	1.4	5	1.2	4	.2	1
Manpower revenue sharing ³.....							.7	2
Elementary and Secondary Education Act (ESEA) title I program.....	.8	3	.8	3	.8	3	1.2	1
Education revenue sharing.....							.7	2
Unemployment benefits (including railroad, Federal, and postal employees and ex-servicemen).....	.6	3	.7	2	.6	2	.5	2
Community action and related programs (excluding health and nutrition and VISTA).....	.5	2	.5	2	.5	2	1.3	1
All others.....	4.2	18	5.1	18	6.0	20	6.0	20
¹ Total.....	23.6		28.3		30.1		30.3	

¹ Figures adjusted to be comparable to those for later years (see footnote to table II).² This item comprises the following programs (some of which are proposed to be replaced by manpower revenue sharing in fiscal year 1974): job opportunities in the Business Sector (JOBS); National on-the-job training and JOP (JOBS—optional program) (these 2 were formerly MDTA on-the-job training); public service careers; MDTA institutional training; Job Corps; Neighborhood Youth Corps; Operation Mainstream; and Concentrated Employment Program (CEP). This item is clearly not a single program; however, it has been shown as a single item in this table in previous years, and so is shown again in this year's table for sake of comparability. The amount shown for this item for fiscal year 1974 is for those programs and subprograms not proposed to be replaced by manpower revenue sharing in fiscal year 1974 (the nonreplaced programs being included under the "National programs" activity line of the manpower training services/manpower revenue sharing appropriation account in the fiscal year 1974 budget appendix).³ As noted in a footnote to table II, this item comprises proposed activities under the "State and local programs" activity line of the manpower training services/manpower revenue sharing appropriation account in fiscal year 1974.⁴ For fiscal year 1974, this line includes only outlays from obligations made in fiscal year 1973 and prior years (no funds being requested for this program—among others—in fiscal year 1974).⁵ For fiscal year 1974, this line includes: (1) for Community Action, only outlays from obligations made in fiscal year 1973 and prior years (no funds being requested for this program in fiscal year 1974); (2) for special impact (community economic development), migrant and seasonal farmworkers assistance, legal services, and the Indian program, both outlays from OEO obligations made in prior years and outlays from obligations proposed to be made under other agencies in fiscal year 1974.

Table V also presents a breakdown of Federal outlays benefiting the poor by open-ended and non-open-ended programs. Basically speaking, a program is classed as "open-ended" if program benefits must be provided to all legally eligible persons applying for them, no matter how much this costs; examples include Social Security, public assistance, Medicare, Medicaid, and food stamps. For non-open-ended programs, on the other hand, no more than a fixed amount (determined by appropriations action in response to the Budget request) may be spent in a given year, no matter how many applicants there are for program benefits. The "Open-ended programs" line below corresponds to the "open ended programs and fixed costs" subtotal in the Controllability of Budget Outlays tables on pp. 44 and 333 of the Fiscal Year 1974 main Budget document.¹ As can be seen, by far the greatest portion (almost exactly three quarters throughout the Fiscal Year 1967-1973 period) of Federal benefits to the poor is in open-ended programs.

¹ Some minor approximations were involved in aggregating the figures in the last two lines of Table V, principally because the classification of open-ended programs in the Budget tables is at the level of appropriation accounts, whereas the data in Table V is gathered at the level of individual activity lines within appropriation accounts. Outlays in the "non-open-ended programs" line would be included in the lines for "Civilian programs" in the table on p. 333. Information is not available to show how the non-open-ended programs outlays would be divided between the "Relatively uncontrollable . . ." and the "Relatively controllable . . ." outlays for civilian programs.

TABLE V.—FEDERAL OUTLAYS BENEFITING THE POOR BY FEDERAL AGENCY AND BY OPEN-ENDED PROGRAMS BY FISCAL YEAR

[In billions of dollars]

	Actual									Estimated	
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974 request
HEW.....	5.8	5.9	7.1	8.8	10.3	11.5	13.0	16.0	19.5	21.0	22.0
Agriculture.....	.3	.3	.2	.2	.3	.5	.9	2.1	2.6	2.9	2.9
Labor.....	.4	.4	.5	.5	.6	.6	.7	1.6	2.4	2.4	1.8
HUD.....	.1	.2	.2	.2	.2	.3	.4	.6	.8	1.2	1.3
Veterans' Administration.....	1.0	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.3	1.3	1.3
Office of Economic Opportunity.....		.2	.9	1.4	1.8	1.7	1.7	1.4	1.0	.7	.3
(Economic Opportunity Act programs—nonadd) ¹	(. . .)	(.2)	(.9)	(1.5)	(1.9)	(1.8)	(1.9)	(2.2)	(2.5)	(2.2)	(1.2)
All others ².....	.3	.3	.3	.4	.5	.5	.5	.6	.7	.7	.7
Total.....	7.9	8.3	10.2	12.4	14.7	16.1	18.3	23.6	28.3	30.1	30.3
Open-ended programs.....	7.0	7.1	7.9	9.4	11.0	12.1	13.8	17.8	21.5	22.8	23.6
Nonopen-ended programs.....	.8	1.2	2.3	3.1	3.7	3.9	4.5	5.8	6.9	7.3	6.8

¹ Programs initiated under the authority of the Economic Opportunity Act of 1964.² Interior (Bureau of Indian Affairs), Railroad Retirement Board, Civil Service Commission, Action, Commerce (Economic Development Administration et cetera), Legal Service Corporation (proposed), Small Business Administration, and Postal Service.³ Includes only outlays from obligations made in fiscal year 1973 and prior years.

Mr. CLAY. I will yield at this point, Mr. Chairman.

Mr. HAWKINS. There is 1 minute remaining of Mr. Clay's time which he yields to Mr. Ford.

Mr. FORD. It seems to me you make a clear and unequivocal statement over and over before this committee that you are motivated in your answers toward legal services by conviction, apparently an unshakable conviction on your part, that legal services has engaged in activity outside of the purview of the code of professional conduct for the lawyers involved and outside of the intention of the legislation passed by Congress, that you characterize as political, and yet you would let this record stand showing that when asked by two Members of Congress you have been unable to give us one single specific example.

Mr. PHILLIPS. That is not rue, sir.

Mr. FORD. And I would like to give you another opportunity to give us one specific example that has led to you to this unshakable conclusion.

Mr. PHILLIPS. Certainly. One specific example was the situation in California where Stephen Bingham, who had been a Reginald Heber Smith Fellow under the legal services program, was allowed to continue being compensated under the program for several months after he ceased to work for the program, and then shortly, later, was alleged to have been involved in some disturbances at the San Quentin Prison.

Mr. FORD. What happened in that case?

Mr. PHILLIPS. Mr. Bingham is missing; they are still looking for him.

Mr. FORD. If, in your view, that practice was wrong, you stopped it, did you not?

Mr. PHILLIPS. I believe there is still inadequate supervision of Reginald Heber Smith Fellows by legal services directors.

Mr. FORD. Is there anything in the present law that is in the way?

Mr. PHILLIPS. No, sir.

Mr. FORD. Then why haven't you gotten to it?

Mr. PHILLIPS. I have only been there for 30 days, sir.

Mr. FORD. Is it necessary to dismantle the whole program in order to get this accomplished?

Mr. PHILLIPS. I am not dismantling the legal services program. Sir, you cannot point to a single program that I have caused to be defunded at this point in history.

Mr. FORD. People are packing up their offices and canceling leases right today.

Mr. PHILLIPS. That is on their motion; not mine, sir.

Mr. HAWKINS. Mr. Benitez is recognized.

Mr. BENITEZ. Mr. Chairman, with your permission, and before raising my questions, I would like to recognize Mrs. Teresa Pico de Silva, the Director of the Office of Economic Opportunity of Puerto Rico who has come because of her interest in a number of the questions involved.

Mr. HAWKINS. Her presence is recognized by the committee and she is welcome, certainly.

Mr. BENITEZ. According to our record, Mr. Phillips, I might say that: I trust that all the guarantees that we have received here will be applicable to Puerto Rico, where there are a number of persons would be well served. I believe this number to be 511,482.

There are some facts which you may check if you don't have information at present, and when you go back you can supply the correct statements for the record. And then I would like to ask some questions.

According to our understanding, in October 1972, Puerto Rico's part in this project was recognized by law as that of a State. At that time, it was highly publicized that Puerto Rico would be entitled, as a consequence of this treatment, to the equivalent of \$17 million for the fiscal year 1973.

Assuming that to be correct, and should you not have the facts before you, my first question is: That authorization—for how long does it extend?

Mr. PHILLIPS. Let me try to respond to it as well as I can. And on this one I am going to have to try to rely on our comptroller, Mr. Redenius.

The impact on Puerto Rico is somewhat complex, although there is a slight rise in funding this fiscal year.

Mr. BENITEZ. This fiscal year?

Mr. PHILLIPS. The one through June 30, 1973. That is due principally to an increase in Head Start funding. There is a diminution in support next year with the phaseout of OEO. We are conscious of this problem and I believe some members of my staff have already met with you and we are going to make whatever effort we can to see to it that the adverse impact on the Commonwealth of Puerto Rico is diminished as fully as possible during the interim period before other departments and agencies pick up on that kind of funding.

Mr. BENITEZ. My question then is: Why should there be an adverse impact if, as you have stated, the purpose is to continue services?

Mr. PHILLIPS. Oh. On legal services—

Mr. BENITEZ. I am not talking about legal services; I am talking about all the services, which in the case of Puerto Rico include funding and planning, health centers, food distribution and administration programs, community education programs, Peace Corps, senior citizens, and so forth.

This is what I am concerned about. I am not concerned at this stage about the people who happen to be employed by the Government.

What I am concerned about is the half a million people who are directly or indirectly affected by this program which would cease to exist after 1973 or 1974.

And the inquiry is: What happens at the end of 1973 and what happens at the end of 1974, as far as these services are concerned?

Mr. REDENIUS. The provision of the Economic Opportunity Act, which was changed, which resulted in the additional \$17 million funding being available, is a provision of the act which governs the distribution of certain OEO and Head Start funds.

The provision basically distributes across all the States on an equitable basis the funds that are made available for these programs. The equitable basis is determined on a three-factor formula that includes children in poor families of income under \$1,000, relative welfare caseloads, and relative instances of unemployment.

So that the provision, in effect, changed Puerto Rico's status to one of a State for purposes of distribution of OEO funds.

Now, based on the 1973 set of procedures, we would be continuing activities in Puerto Rico, consistent with the phaseout procedures that we covered earlier this morning for section 221 programs; an additional 6 months of funding on and after the point at which they would come up for refunding.

We would be continuing on a full-year basis any of those activities now in existence in Puerto Rico where there would be continuing Federal funding in the future, such as legal services.

Now, in the case of Head Start, remember now, that the provision of the act governs both OEO and HEW, so far as Head Start funding is concerned. The two programs have to be put together in order to produce the funds you are describing. The Department of HEW is going ahead, as I understand it, with an additional \$8 million in programing for Head Start.

There is additional funding in the Head Start budget proposed for next year.

This, in effect, gives a program level which is expanding somewhat this year as those funds are added and which will be decreased somewhat next year as our programing phases out.

Mr. BENITEZ. So that we will make no mistakes, the \$8 million concerning Head Start and the financing of Head Start is independent of the \$17 million?

Mr. PHILLIPS. That is right.

Mr. BENITEZ. Now, my question is: What happens to this \$25 million beginning July 1, 1973? And if you have any idea about it, what happens to these moneys beginning July 1, 1974?

Mr. REDENIUS. The one piece already mentioned, the \$8 million or so in Head Start, would be mounted this year and would be continued through 1974.

In the case of the \$17 million additional mandated, that would be now tied to the phaseout, the distribution of the phaseout funding of OEO, and as part of that would probably be reduced somewhat.

It would be possible to still go forward with programing in instances where there would not be a requirement for ongoing Federal support in the future, to the extent that projects could be developed against the \$17 million that would not require Federal support in 1974 if those could be funded.

Mr. BENITEZ. May I ask: are these \$17 million which we are referring to in 1974 the same \$17 million in 1973 or are they an additional \$17 million?

Mr. REDENIUS. The \$17 million is a figure which is produced by the formula, the formula in the act. And the total number available for distribution would vary from year to year and would depend on the total appropriation requested for the agency.

There is no appropriation requested for OEO in 1974. That is why I have to make the point that there would be Head Start funding.

Mr. BENITEZ. But I am trying to pursue this elusive \$17 million, and you realize my interest in so doing and the need for having some sort of understanding as to where they will happen to be when they are needed.

May I understand, then, that should there be adequate programs, the total of what can be spent from this moment to June 30, 1974, may exceed \$17 million? The part of 1973 that is involved?

Mr. REDENIUS. It is conceivable that there could be additional funding to that extent in the funds now available to us, but it would depend on the project composition, because we would need to be assured that there would be continuing funding for these activities someplace.

Mr. PHILLIPS. What we are going to try to do, to try to simplify this discussion, is make up to some extent for your loss of 221 funding through other kinds of funding. For example, by providing legal services programs, by providing health services programs, that kind of thing.

Mr. BENITEZ. That is fine.

You are aware also that Puerto Rico is not covered under the General Revenue Act. So when you make reference to the general revenue law as an alternative for an option you are not talking to us.

Mr. PHILLIPS. That is correct, sir.

Mr. BENITEZ. This is my last question, I think. The action that will take place the day after tomorrow, what impact, what meaning, what limitations, does it have as far as the Puerto Rican situation is concerned?

Mr. PHILLIPS. It means that we can initiate new fundings that were not being initiated during the interim period, and that we can go to a full-year program basis on those fundings which were already operative.

Mr. BENITEZ. On a full-year program basis?

Mr. REDENIUS. In those areas where OEO would be making 12-month awards. Certainly that would be true of health programs and legal services.

In the case of section 221, after March 1, as already indicated, we go to a 6-month basis. My understanding of the programs in Puerto Rico—I believe of the two main programs, one comes up for refunding at the first of June and the other at the end of June or the first of July.

Where section 221 money is involved, those programs would be funded for an additional 6 months.

Other programs would be funded for up to 20 months.

Mr. BENITEZ. Thank you.

Mr. Chairman, since this is a very technical and complicated matter, should there be any additional questions or uncertainties concerning this, I would hope I would be able to communicate with Mr. Phillips and his assistants and find out the exact answers.

Mr. HAWKINS. The Chair would assume that if you were to have any additional questions to be submitted to Mr. Phillips they will be submitted in the name of the subcommittee, and the subcommittee requests that Mr. Phillips respond to the questions.

Mr. BENITEZ. Thank you very much.

Mr. HAWKINS. Mr. Thompson.

Mr. THOMPSON. Mr. Phillips, there are two very essential things emerging from your testimony and actions which intrigue me.

You said, in response to a question a few minutes ago, that in your statement you had been very precise in your use of language.

Mr. PHILLIPS. I have said I tried to avoid the impression that the legal services program in general is doing bad things.

Mr. THOMPSON. You are directly quoted in an article by a Donald Clambro, a UPI writer, on February 4, as saying that the legal services program "is based on the wrong notion that the poor should be treated as a class apart. That is a Marxist notion."

Mr. PHILLIPS. We alluded to this before, and essentially what I indicated is that the poor are not homogenous; their needs are not homogenous; the governmental response has to be diverse; and the idea of treating people as a homogenous class, setting class against class, is a Marxist notion.

Mr. THOMPSON. Do you include legal aid as analogous to this?

Mr. PHILLIPS. No; that was a general point of discussion.

Mr. THOMPSON. So, is that out of context?

Mr. PHILLIPS. I have no objection to class action suits, and I have never stated an objection to class action suits. What I have objected to, and what I have been concerned about, is a limited range of choice for poor clients in the legal services program which can be altered, not by doing away with what we have now, but by adding to it additional ranges of choice, through such devices as prepaid legal insurance, voucher systems, modified staff attorney approaches, and the like.

Right now in many areas there is a monopoly on delivery of legal services, where the poor person doesn't have the same freedom of choice over an attorney that a more affluent person would have.

Mr. THOMPSON. If we refer to the President's statement, as set forth by Mr. Westwood of the National Legal Defender Association, your actions are totally inconsistent with what the President said.

I was very heartened by that message and yet I see that in my State of New Jersey and in other States virtually all of the legal aid services are going to be closed down. I don't believe that you have followed the law with respect to publication of 30 days in the Federal Register. I think what you are doing, in a sense—and you have a right at least to attempt it—is to impose your political philosophy on that of the Congress of the United States, which, as recently as September 5, 1972, approved funds by a vote of 223 to 97.

The Senate of the United States acted in the same manner.

I believe that your interpretation of the law and your right to dismantle the program, as you are doing—I believe your interpretation to be incorrect.

I believe, further, that it should be obvious to you that you have invited a confrontation with the Congress, which is representative of the people. I believe you have invited a confrontation with the poor, who don't want these programs discontinued. Some can be improved.

I believe that the result of these actions and other actions relating to cutbacks in domestic spending, while at the same time asking for an increase in defense spending, might well bring about a very uncomfortable summer. [Applause.]

I hope and I pray that I am wrong. I hope and I pray, with all due respect to you as an individual, that our attempts—and certainly I will be in the midst of them—to overturn your actions and to reverse your actions, succeed in the national interest.

I will be very interested in the outcome of your conversations, if you have granted Mr. Westwood the time that he asked. Have you?

Mr. PHILLIPS. You have asked me a great many questions, Congressman. I would like to try to respond to as many of them as I can.

Mr. THOMPSON. I would like you to respond but we are under time limitations. If you would respond quickly and precisely, I would appreciate it.

Mr. PHILLIPS. Yes. Let me precisely say that the Federal support for every OEO activity other than community action will be continued at an equivalent or higher level of expenditure in fiscal 1974.

Mr. THOMPSON. Are you saying that on the basis of relying on revenue sharing?

Mr. PHILLIPS. No, sir; I am saying that on the basis of specific budget items in our budget. I am saying it on the basis of increased funding for our migrant programs, increased funding for our research and development activities, increased funding for our health programs and so forth, down the line.

Mr. THOMPSON. Why is it necessary for the legal services units already in existence to have to go through the business of reapplying on a monthly basis?

Mr. PHILLIPS. Sir, earlier in the hearing this morning I indicated that this monthly basis was an interim measure, and that when we announced it at the end of January we indicated our intent and hope that on March 1 we would go back to normal funding and that that is our intention and remains our intention.

Mr. THOMPSON. So you will reopen the Legal Aid Office in Essex County, N.J.?

Mr. PHILLIPS. We have never closed any programs. We have indicated to all of our programs throughout the country that they could rely on the word of the Federal Government that if they came due before February 28 they would be extended for 30 days from the point on which their funding expired.

Mr. THOMPSON. Then my point is this: the Federal Government, through the Congress and its elected Representatives, and through its President, has enacted a law to go for 2 more years. That law may be imprecise. Nevertheless, the congressional intent is clear and obvious.

I would suggest that you read the record carefully and report carefully. And my view is that you are subverting the national policy of the United States of America with respect to the Office of Economic Opportunity.

I think it is nothing short of outrageous. I don't say that you, as an individual, are not entitled to your views or to make the attempts. I happen to be one of the few surviving members on this committee,

of the ad hoc subcommittee, which drafted this original legislation when the late chairman, Adam Clayton Powell was here.

Mr. Perkins was on it. Mr. Landgrebe of Indiana, Mrs. Green. Al Quie is still here. Mr. Martin. Hardly a Marxist group.

I am sure that politically on the spectrum I am to the left of you, but I assure you I am not a Marxist.

Mr. PHILLIPS. Congressman, you know, of course, that I never made that charge. And you also know, of course, that most poor people in this country are not going to respond to the suggestions of breaking the law that has been uttered in some places.

I think we are going to have a peaceful summer, because I think most of our citizens, regardless of economic status, are law-abiding citizens.

Mr. THOMPSON. The poor people are not going to break the law, but they are going to exercise their constitutional right of petition. [Applause.]

They aren't going to burn any more. They have learned that tragic lesson, because too many of their mothers and sisters were hurt. It is going to be peaceful, but in a sense it is going to be political.

And in conclusion let me say this: if you send a VISTA volunteer or you send a legal services lawyer into a community, and he and she see the evils of the community and the causes of those evils, it is quite natural for highly motivated people to take what you term "political action" to bring about a change in the situation which creates poverty and which creates crime.

And, with respect to political activity, one could hardly consider as Marxist the registration of voters to put them in the American political process.

Mr. PHILLIPS. It is prohibited by the Economic Opportunity Act, sir. I suggest you read it.

Mr. THOMPSON. I know it is. And I know that there have been violations. I applaud those violations. [Applause.]

Mr. PHILLIPS. Sir, you have suggested that we have acted inconsistently with the law and have criticized us for it, and now you are suggesting you applaud violations of the law.

Mr. THOMPSON. I live by a double standard sometimes.

Now, I would prosecute anyone who violated the law. And I am not suggesting that we prosecute you. I am just suggesting that you reverse the course that you are taking because I honestly think that you are making a tragic mistake in terms of policy, in terms of inviting a constitutional confrontation. I respectfully suggest that you give thought to reviewing your course and reversing it.

Mr. Phillips. Congressman, I respect your right to your views. I sincerely do, but I have to point to the fact that we are acting in a manner consistent with section 602 of the Economic Opportunity Act, and we are operating consistently with the fiscal year 1974 budget recommendations of the President of the United States.

Mr. THOMPSON. May I ask you a question once more?

In his letter to you of February 26, Mr. Westwood, of the firm of Covington & Burling, representing the National Legal Aid & Defender Association, asked for a meeting with you at the earliest possible time.

Mr. PHILLIPS. I have already met with Mr. Westwood a few minutes

ago. He stopped by the table. I congratulated him on how well the letter was worded. I advised him that our office was in contact with his office so that the representatives of our Office of General Counsel could meet with him, I believe, tomorrow. And I intend to drop in on that meeting.

Mr. THOMPSON. Because in his letter, which you have—and I shall ask unanimous consent that it be made part of the record—he points out what he believes to be a violation of the law.

Mr. HAWKINS. Without objection it will be so ordered.

[The letters referred to follow:]

COVINGTON & BURLING,
Washington, D.C., February 26, 1973.

Mr. HOWARD J. PHILLIPS,
Acting Director,
Office of Economic Opportunity,
Washington, D.C.

DEAR MR. PHILLIPS: This letter is written on behalf of the National Legal Aid and Defender Association. The NLADA is a more than fifty-year old membership body in which most Legal Services projects are members, along with other Legal Aid and Defender projects throughout the nation. As you may know, the NLADA and the American Bar Association have cooperated closely throughout this half century.

We write also in view of the fact that certain individual Legal Services projects are coming to us for advice and, if need be, representation.

Shortly after your designation as Acting Director of OEO, it appears that you began taking actions affecting the Legal Services Program under Section 222 of the Economic Opportunity Act which have drastically damaged the program. Since your Public Affairs Office has been singularly reticent in providing information as to precisely what you have been doing and as to the impact on Legal Services projects, and since you have quite ignored the Congressional requirement that your policies and procedures be effectuated only after thirty days' advance notice in the *Federal Register*, we have been forced to rely on unofficial information as to your actions and on NLADA's own improvised channels of communicating with its members (a costly and, with only a few days' time, an awkward process) in an effort to understand precisely what you have been doing and the impact thereof.

We write this letter to advise you of our understanding of what your actions amount to and of their damaging and imminently threatened disastrous impact on the Legal Services Program. We request a conference with you on Wednesday, February 28, 1973, in order to ascertain wherein, if at all, our understanding is incorrect and what action you propose taking to restore lawful order and fairness of administration to the Legal Services Program. We desire such a conference before we finally determine what steps we should advise our clients to take to protect their interests—which, in the end, are simply the interests of the poor clients of Legal Services projects and of the courts and bar which have to deal with the causes of such clients that may be pending in court.

I

Our understanding is that you have taken the following actions:

1. You have revoked the authority of all officials of OEO except yourself to act on renewals of expired Legal Services grants and on the rate of funding of existing on renewed grants. This creates an impossible bottleneck since you are but a single human being.

2. You have eliminated all letter of credit financing except in certain pre-existing cases in which you have arbitrarily restricted letter of credit draw-downs to thirty days' needed funds. This abruptly departs from an established, well understood method of financing, carefully evolved by OEO during its years of experience, which has worked smoothly and well.

3. You have decreed that all other financing shall be on a check issue basis, with no project to receive thereby more than thirty-days' funds.

4. The thirty days' limitation on letter of credit draw-down or check issue funds of course makes it impossible for a project to plan further than on a hand-to-mouth basis; and it makes quite infeasible the borrowing arrangements

allowed by OEO regulations, 45 C.F.R. § 1068.4-2, where there is a hiatus between grant expiration and renewal. Thus you have forbidden any project to make any commitment to anyone—courts or individuals—on more than a day-to-day basis; and you have effectively revoked any possibility of resort to OEO permitted means to survive when you decide simply to delay action on a renewal application.

5. You have so multiplied required documentation for your processes in acting on grant renewals as to create bureaucratic red tape wonderfully designed to clog and halt your process.

6. You have so restricted travel allowance by Legal Services projects' staffs as seriously to cripple their functioning, even to the extent of restricting, in some cases, attorneys' travel to courts.

7. You have peremptorily rid your staff of certain experienced responsible officials; at the same time you have put into a key position in the administration of the Legal Services Program one who is not even a lawyer. This—and since you yourself are not a lawyer but have gathered into your own hands all the reins for the Program—assures that persons will be making key decisions on questions respecting the provision of legal service who are not qualified by training or understanding to discharge their responsibilities.

8. For all Legal Services projects' grants expiring prior to February 28, 1973, and not "obligated" prior to January 28, 1973, you will in no event grant renewal for more than thirty days, in the face of the long established procedure of OEO to grant renewals for one-year periods. Thirty-day renewals are a mockery because of the impossible burden imposed by the need for repetitive applications.

9. Finally, and climatically, your ukase directs that for any renewal application for a grant expiring after February 28, 1973, you have provided that there will be a freeze in your own hands until you see fit to issue further instructions.

II

We sincerely hope that our understanding is wholly incorrect and is the product only of rumors fostered by the silence of your Public Affairs Office.

If, however, our understanding is even partially correct, it would appear that you have defied the will of Congress and the President as follows:

1. Congress has required in so many words that you "shall . . . make available . . . not less than \$71,500,000 for legal services programs" during this fiscal year, Public Law 92-424, § 3(c) (2), and that you carry the Program on through fiscal year 1975, 42 U.S.C. §§ 2837, 2965, as amended.

2. The President has strongly endorsed the Program and urged its continuance with a transition to a Legal Services Corporation in fiscal year 1974 and thereafter—a transition that obviously will require a take-over by such corporation, after its organization and staffing, of Legal Services projects in being and fully functioning rather than dead or bankrupted.

3. Congress has provided in so many words that you shall effect no policies or instructions except on thirty day's prior notice in the *Federal Register*—a requirement that you have blatantly ignored. Public Law 92-424, § 22.

4. Congress has provided in so many words that every agency (and that includes you) conclude action on all matters "within a reasonable time" with "prompt notice" of any denials of applications. 5 U.S.C. § 555(b), (e). We invite close attention to the words of the pertinent Congressional Committee when it said that "No agency should permit any person to suffer consequences of unwarranted official delay." H.R. Rep. No. 1980, 79th Cong., 2d Sess. 32. When you fail to act on renewal applications, timely filed, until after expiration of the existing grants, and create a condition thereby that forces projects to close doors, to fire staffs, to turn away clients, to miss court dates, to give up their facilities, you have grossly flouted the law.

5. Your inaction on the applications for renewal grants presently pending before the agency amounts to a denial of those applications, but you have failed to accord the applicants procedural protections expressly required both by Congress, 42 U.S.C. § 2944(2), and by OEO's own regulations, 45 C.F.R. § 1067.2-4.

This only partially states the bases of illegality of capricious, arbitrary action.

III

Even if our understanding of the actions you have taken is incorrect, nonetheless your recent administration of the Legal Services Program has created a crisis. We attach an appendix which particularizes the devastating impact of

your actions on some of the programs which have been affected. We cite these cases as illustrative of what is happening and threatened in many other cases—to wit:

Some programs have been forced substantially to cease all operations; many others will have to do so imminently.

Many programs have ceased accepting new clients.

Numerous attorneys and other staff already have been forced to resign because of lack of funds to pay their salaries; other are now seeking, or soon will seek, other employment. In some areas, the only recourse for terminated employees is to seek public support because no other jobs are available.

Some employees are now working without pay (and paying expenses out of their own pockets) in an effort to process pending cases.

Programs which are able to continue operations have been severely handicapped by the absence of funds. There are reports of threatened loss of office space and of use of utilities and business machines; and the programs have faced various other problems which have precluded their effective operation.

Countless clients have been irreparably injured, and the extent of injuries to clients compounds with each day that the crisis continues. Scores of requests for assistance already have been turned aside, including requests for emergency services to prevent evictions and to prevent immediate terminations from welfare rolls.

To the extent that the programs attempt to continue representation of prior clients, those clients also suffer from the increased burdens on the remaining attorneys.

The efficient administration of various courts has been severely impeded. Thus, one court has been forced to reorganize its calendar and to continue all Legal Services cases for an indefinite period; others are considering similar emergency steps to relieve the pressure on their dockets. This has caused various judges to make emergency appeals to your office. Yet, to date, those appeals have gone unheeded.

Because of the absence of OEO funding, programs have been forced to borrow, to the extent possible, such emergency funds as are available from churches, charitable organizations, relatives of OEO employees, and others already strapped for funds. The efforts of many programs to borrow from outside sources have been unsuccessful because of the absence of any OEO assurances that funds will be forthcoming.

IV

I should point out that it is a cardinal tenet of the legal profession that litigation should be avoided where it reasonably can be without sacrificing the interests of clients. It is in the spirit of that tenet that we invite this grave situation to your attention and ask for an immediate conference.

But I must add, in fairness to our clients and to you, that the emergency is so great, its urgency so compelling, that we cannot wait much longer before resorting to such other remedy as may be available.

Perhaps I can illustrate our problem with reference to a nursery rhyme concerning Humpty-Dumpty. In a nutshell, the expressions of your superiors, the Congress, and the President, are such that it would be a flouting of their will were the Legal Services Program to be in the condition of Humpty-Dumpty after his great fall.

I am reminded of the eloquent statement of the President in his Message of May 5, 1971, on the prospective Legal Services Corporation. He said of the Legal Services Program:

"... [I]t has already become a workhorse in this effort, pulling briskly and tirelessly at the task as the Nation moves ahead."

The task he cited was "the long, uphill struggle to secure equal rights in America." As he put it, there are "more than 2,000 lawyers" in this task, whom he referred to as "these dedicated attorneys." And it was with pride that he observed:

"For many of our citizens, legal services has reaffirmed faith in our government of laws."

Most strongly did he endorse the Program as—

"a dramatic symbol of this Nation's commitment to the concept of equal justice. It is a program both new and unparalleled by any other system of justice in the world."

The NLADA, going back to the beginnings fostered by Charles Evans Hughes,

Elihu Root, and the immortal Reginald Heber Smith, has fought tirelessly for more than a half century to assure that that concept of equal justice shall be realized. It reflects the old-age aim that our modern society inherited from 17th Century England when it was put most simply :

"The poorest he that is in England hath a life to live as the greatest he."

Surely you will agree that a program so fully endorsed by the President, so firmly provided for by Congress, so uniquely reflecting a thoroughly American ideal should not be Humpty-Dumptyed. On the contrary, it should be fostered, strengthened, encouraged.

Yet in these last few weeks, because of what you have done, it has been badly battered, and its clients have been almost brutally maltreated. We hope that we have misunderstood precisely what it is that you have done; we know only its effects so far made manifest to us. In any case, we ask that those effects immediately be repaired, insofar as is humanly possible, and that the clearest possible assurance be given to those in the Program and to their clients that nothing of the sort will be permitted to recur.

We would appreciate hearing by telephone of the time and place for the conference we request. My telephone number is 293-3300.

Respectfully yours,

HOWARD C. WESTWOOD,
Special Counsel to NLADA.

APPENDIX

Summarized below are some of the facts assembled in the last few days on programs already drastically affected by the OEO funding cutoff. The list is by no means exhaustive either of the individual programs that have been affected or of the types of injury that have occurred. It does, however, serve to illustrate the devastating impact of recent OEO policies on the Legal Services Program, nationwide.

1. *Bergen County Legal Assurance Corporation, Garfield, New Jersey.*

On February 20, 1973, the Bergen County Legal Assurance Corporation—whose four lawyers and five secretaries had formerly assisted an average of forty Bergen County citizens each week—closed its doors to new clients. The program is now preparing to go out of existence. One attorney and one secretary will leave on March 2, 1973. Another attorney and another secretary are scheduled to leave by March 16. The program will be out of business by March 30. Only funds from the State and County governments and contributions from the County bar, the local United Fund, and similar private sources will allow it to operate that long. The attorneys are now preparing motions to be relieved of sixty pending divorce cases and meeting with the Chief Judge of the County and with the Bar Association to discuss means of safeguarding the rights of their clients in the remaining 350 pending cases.

2. *The Legal Aid Society of San Diego, San Diego, California.*

The Legal Aid Society of San Diego (staff of 40 and 1,500 open cases) was forced to stop taking new clients on February 21, 1973. Although the program filed its grant application on November 30, 1972, it has not yet been refunded. It has exhausted all avenues for borrowing funds and presently owes the local bar association \$7,500 on a loan. As a result, the program will be forced to close as of February 28. Two secretaries and one attorney left the program on February 23, 1973. Others will be leaving on or before March 2, 1973, the date of the last available payroll funds. Xerox, telephone, and other essential services will be disconnected shortly, rendering it difficult, if not impossible, responsibly to dispose of cases for which the program has already assumed responsibility. The 1,500 pending cases thus present a massive problem of ethical and legal responsibility, and efforts are being made (with the assistance of the presiding judge) to find some alternative source of representation for these clients. In late February, the office was forced to turn away at least 12 emergency matters—four imminent evictions from apartments and eight terminated welfare recipients living without funds.

3. *South Dakota Legal Services, Rosebud, South Dakota.*

This program serves six Indian reservations. It has about 300 open cases, of which roughly one-third are in active litigation. The program has been unable to pay its lawyers since February 9, 1973. Attorneys have not been reimbursed

for travel expenses since December 1972. Secretaries (all of them Indians) received final pay checks on February 23, 1973. No other jobs are available in the area for these people. The program is already \$10,000 in debt and has no more funds. Its grant application was filed 60 days before the project year ended on December 31, 1972, but no money has been forthcoming—despite expressions of support and urgent pleas to OEO from United States District Judge Nichol, County Judge Talbott, the State's Attorney General, the president of the State Trial Lawyers Association, the president of the Tenth Circuit Bar Association, the State's attorneys for counties served by the program, the Circuit Court Judges for the State, and the president of the State Bar Association.

4. Newark-Essex Project, New Jersey.

The Newark-Essex Project in New Jersey exhausted its operating funds on February 15, 1973, and has ceased taking new clients. Attorneys have remained on a volunteer basis to service 1,650 clients whose cases were already pending; most of the secretaries have left. The Chief Judge of the local court has been forced to continue all litigation for thirty days pending resolution of the program's funding problems. The project submitted its current refunding grant to OEO on November 1, 1972. The grant had been approved by OEO/OLS headquarters and regional offices by mid-January and was then sent to the OEO Congressional Relations Office for announcement when the Acting Director's new funding directives were put into effect. Since then the regional office has reprocessed the grant and requested funds for January and February, without response from OEO headquarters.

5. Greater Bakersfield Legal Assistance, Inc., Bakersfield, California.

This program has stopped taking new clients. It will not have funds to pay staff as of March 1, 1973. There is a substantial prospect that some of the secretaries will be forced to go on welfare. One of the six staff attorneys has resigned as of March 1, 1973. The office has approximately 500 open cases. Without a guarantee from OEO, attempts to secure loans from the local bar association, a real estate company, and banks have been unsuccessful.

6. Harvard Center on Law and Education, Cambridge, Massachusetts.

The program will exhaust its operating fund on February 28, 1973. An application for 12 month refunding was submitted to OEO in November 1972. That grant has not been approved, and the program is operating today only by virtue of a 30-day extension of its expired grant. Harvard University will lend the program funds, but only on assurance from OEO that the program will be refunded. That assurance has not been forthcoming. Already the Assistant Director, bookkeeper, and a secretary have departed, and others are seeking employment elsewhere. The program is currently providing back-up assistance in over 100 cases; in many of those cases the Center's involvement is indispensable. Among them is a major desegregation suit which is currently in trial (a trial that is expected to continue for at least four more weeks), and a suit on behalf of handicapped children which is set for immediate trial. The center is also currently involved in preparing appellate briefs in six cases.

7. Merced Legal Services Association, California.

As of February 28, the Merced Legal Services Association will run out of funds. Thereafter, the program will be unable to pay salaries, rent, or any other expenses. It ceased taking new cases on February 21, 1973. One attorney and two secretaries are leaving the program on March 1. Two attorneys and one secretary will stay on (without pay) and will attempt to process the 191 open cases. The parent agency is on the same grant schedule and therefore unable to make any loans. Other sources of funding are not available because of OEO's failure to guarantee loans.

8. Somerset-Sussex Legal Service Somerset, New Jersey.

On February 23, 1973 Somerset-Sussex Legal Services, Somerset, New Jersey, was forced to close its doors to new clients, a decision that required turning away roughly 30 clients each day. The program timely filed its grant application in September 1972. However, a renewal grant had not yet been approved when the program's OEO funds ran out in December 1972. Since then it has been able to meet its expenses only by borrowing from the local Community Action Agency, from the county, and from municipal governments. The program was informed by the Office of Legal Services that its grants had been approved in

mid-January, but no funds have yet been received. On March 15, 1973, the program will be totally without funds. It is presently meeting with the local bar and judiciary on the problem of caring for the 1,200 clients the program is now representing.

OFFICE OF ECONOMIC OPPORTUNITY,
Washington, D.C.

Mr. HOWARD C. WESTWOOD, Esq.
Covington & Burling,
Washington, D.C.

DEAR MR. WESTWOOD: Thank you for your letter of March 1 in which you outlined the points covered in our pleasant and constructive discussion on February 28. I will summarize our understanding of the points covered in the same order in which you presented them in your letter. Although we are in general agreement with the points as you state them, there are one or two areas which I want to clarify.

1. Legal Services grants can be funded for their normal period effective March 1, 1973.

2. If the Legal Services Office learns from a reliable source that a grantee is out of funds, its renewal application will be given priority.

3. Mr. McCarty, Acting Director of the Office of Legal Services, will be happy to receive from Mr. Frank Jones, Executive Director of NLADA or his single designee, information as to those grantees which have run into financial difficulties.

4. The Legal Services Office will notify grantees that their applications have been approved. To the extent permitted by law, the Legal Services Office will inform the grantee that it may borrow funds in anticipation of the actual arrival of OLS monies.

5. In the event a grant is terminated the requirements of applicable law will be observed. It is not my intention, or that of the Office of Legal Services, to permit cases already started to terminate because a grant has been terminated.

6. Legal Services attorneys will be informed that they may travel for legitimate professional business.

7. Mr. McCarty has communicated to each OEO Regional Director and each Regional Legal Services Director a statement reaffirming our intention to continue the Legal Services Program for the poor. He has made it clear that grant renewal applications are being processed as rapidly as possible and will continue to be so handled. He also urged the regional offices to speed up the handling of all grants to facilitate quick processing. Mr. McCarty has instructed the regional offices to copy his statement and to send it to all Legal Services grantees in the region without delay.

8. We will furnish to you a copy of the list showing the status of the grants as soon as possible after it is given to the House Subcommittee. We understand that Mr. Jones will obtain his copy from you.

I assure you that Mr. McCarty does not intend to propose changes in the policies affecting the scope of a Legal Services program without careful consideration of diverse views. We will, of course, be guided by the requirements of law in any actions of this kind which we undertake.

I have no objection to your letter of March 1, 1973, being sent to the House Subcommittee so long as a copy of my reply is attached to it.

May I say that it was a pleasure to have met with you and your colleagues.

Sincerely,

HOWARD PHILLIPS,
Acting Director.

COVINGTON & BURLING,
Washington, D.C., March 1, 1973.

Mr. HOWARD J. PHILLIPS,
Acting Director, Office of Economic Opportunity,
Washington, D.C.

DEAR MR. PHILLIPS: We greatly appreciate the opportunity yesterday to meet with you and your colleagues to canvass certain of NLADA's concerns with your administration of the Legal Services Program. I especially thank you for taking your own time to effect the face-to-face candor of our session.

In this letter I undertake to summarize certain of the points covered.

1. As of today, March 1, the limitation of thirty days on Legal Services grant renewals ceases; normal renewal periods (generally of approximately one year) are resumed.

2. In light of the emergency faced by certain projects because of a hiatus between grant expiration and action on renewal applications, your office is giving priority, in its action on such applications, to cases in which your staff is responsibly informed that delay is causing disruption to the project, and special measures have been taken by you and your staff to accomplish most speedy disposition of the entire accumulated backlog.

3. Mr. Frank Jones, Executive Director of NLADA, and a single designee of his on his staff, will be able to communicate and work directly with Mr. McCarty, your Director of the Office of Legal Services, to provide relevant intelligence bearing on the need for such priority.

4. You are giving immediate consideration to possible steps to facilitate borrowing by a project that—because of the hiatus—has exhausted or shortly will exhaust its available funds, so that it may continue operations unimpaired pending complete action respecting its renewal and the receipt of funds in connection therewith. The situation prevailing in the past with respect to such borrowing has been fundamentally altered as a result of your course of action (including the program to phase out community action agencies). I am sure that you did not intend such alteration; it has resulted, perhaps to a very considerable extent, from a degree of sheer panic. Be that as it may, it is an important fact of life with which we all must cope and find a way to overcome. And we must keep an eye on the essential need: the prevention of failure of service to needy clients and of imposition on courts and opposing counsel while a hiatus after grant expiration prevails. From what you said yesterday I am convinced that you are as concerned with this need as are we; surely you can devise the means to meet it. On this score Mr. Jones may be helpful in developing with your staff the pertinent steps.

5. I expressed, ineptly because of my ignorance, some concern respecting the situation of a project if a tentative determination were made not to renew its grant. My concern had to do with its ability to maintain its service pending the show cause procedure. After our meeting my associate, Mr. Henke, drew my attention to an OEO regulation appearing as 45 CFR Sec. 1067.2-4(d) which seems to assure interim funding fully to maintain a project's existing level of operations until the show cause procedure is exhausted and a final determination made.

6. You propose promptly to revise the recently adopted restriction on travel of project attorneys. Travel abuse, of course, should be forbidden. But it is altogether too extreme to require every project attorney to telephone someone in Washington and get consent whenever, on the project's legitimate professional business, he needs to go out of town. I appreciate that the recently adopted restriction probably was intended as only a temporary measure. I am sure that you and your staff will agree that continuance of the present procedure would be both professionally demeaning and a bureaucratic excess.

7. It was suggested by us, and I believe that Mr. McCarty agreed, that he, as Director of the Office of Legal Services, should immediately send to each project director an appropriate communication to dispel misconception and to assure the projects that normal funding process has been restored and that there is very intention to maintain a healthy, viable Legal Services Program.

8. Mr. Jones will be provided at the earliest possible moment a copy of the list of projects and their grant status that is to be supplied tomorrow (March 2) to the House Subcommittee. It is earnestly hoped that Mr. Jones may be able to have such a list before the close of business tomorrow; it will provide a most useful tool in our own efforts to aid in accomplishing the orderly conduct of the affairs of such projects.

* * * * *

There is another more general point that I raised with you, which very greatly concerns us, and on which I earnestly invite your most careful thought.

The point has to do with any possible substantive policy changes affecting the scope of the Legal Services Program. I urge that there be adequate opportunity, before there is any determination to make such a change, to give you the benefit of the views of persons responsibly concerned with the Program. I do not even intimate an assumption on our part that you would propose to make such changes. Indeed, in view of the imminence of new legislation and your merely "acting" status without your being submitted for Senate confirma-

tion, you might well considerate it inappropriate, at this late stage, to undertake such changes in a Program that has evolved through successive administration and with such extensive in-puts by (for example) the American Bar Association. My point is that, if some special situation would seem to merit a question of change to be raised during this interim period, there should be fullest consideration of the views of interested elements. In the spirit of the 1965 understanding between OEO and the then President of the ABA and now Mr. Justice Powell, that is the least that is due. I invite attention also to Recommendation 16 of the Administrative Conferences of the United States—a body predominantly composed of representatives of Federal Government agencies and strongly backed by the President—respecting the appropriate method of agency consideration of “rules” respecting grants even without regard to any amendment to the Administrative Procedure Act. And I point out that the concept of “rule” is not a formalistic one; the concept covers policy making. Note also the back-up report for Recommendation 16.

* * * * *

I have been told that my letter to you of February 26 was placed in the record of the current hearings of the House Subcommittee by one of the Committee members. In view of the pertinence of this letter to that earlier communication and to the current hearings, I would like to send a copy of this letter to the Committee. It would strike me as desirable in the interest of completeness and of fairness to you. Do you see reason for me not to do so?

Respectfully yours,

HOWARD C. WESTWOOD,
Special Counsel to NLADA.

Mr. PHILLIPS. I think in terms of his concern he is indeed an impressive and astute man.

Mr. HAWKINS. Mr. Ashbrook.

Mr. ASHBROOK. First I would like to certify that Frank Thompson is not a Marxist. But I would say as far as Mr. Thompson is concerned, I have not been able to hear all the testimony. I think he has gotten rather the worse of it in several degrees. I certainly wouldn't criticize my colleagues.

I accept a lot of what came from the other side for what it is. I can see why there would be some effort made to capitalize politically on some of the actions of Mr. Thompson.

I was kind of reminded that several times I went to the White House—

Mr. THOMPSON. Have you been invited there recently?

Mr. ASHBROOK. No.

One of Mr. Johnson's favorite expressions, particularly looking to Congress, when we were a little reluctant to do things we deeply knew we should do but that as far as public relations were concerned, didn't look too possible, just said: “You have to bite the bullet sometimes.”

It seems to me what we are doing is biting the bullet. It is the general feeling in the country that the poverty program hasn't been that good over the years. I doubt whether it can survive a national referendum.

There are areas of the poverty program which will work, but on the whole I don't see it as a viable program. I think this administration is biting the bullet, is trying to draw in those areas which have not worked.

My good friend Thompson, one of my favorite colleagues, indicated you were subverting national policy. I would suggest national policy is not to go bankrupt, to get spending in line.

I not only subscribe to that, Mr. Phillips, but I certainly vote that way and advocate it.

So, let me say I think your testimony has been very precise, very accurate. I think it has been well received in a fairly hostile atmosphere, which of course is the case in Congress most of the time. I am still hostile to the administration in many areas.

I happen to think what you are doing, in biting the bullet in this program, does deserve commendation. And I for one, support what you are saying, support what you have done, recognize the difficulty of this endeavor, and I would say, from listening to your testimony, it is very clear that you have come before this committee knowing what you were talking about.

You have been precise and I would like the record to show that at least one member of this committee thinks you are doing a very good job, in the words of the late President Johnson, in biting the bullet in trying to get this program on some reasonable track.

Mr. THOMPSON. Will the gentleman yield? I hope the bullet they are biting isn't a lead one.

Mr. ASHBROOK. We have been known to have a few of those in the past.

I was going to ask the gentleman from New Jersey, my very good friend: you know, sometimes you say "you are a very good friend," and you don't mean it, but in this case I think he knows I mean it.

As being one of the godfathers of this program at its inception. I am just wondering if he is really completely, or nearly completely, pleased at his product.

Do you honestly think the poverty program has been that good a program over the years?

Mr. THOMPSON. I think in the main it has been a remarkably good program, and I think candor compels me to say that certain elements of it have been unsuccessful and indeed in instances, wasteful.

Mr. ASHBROOK. Well, on that point, would it not be proper for the administration and Mr. Phillips to try to abate those practices which have not been proper, which have been wasteful, and isn't that exactly what they are trying to do?

I would say in any confrontation between the Congress and the administration I normally would be on the side of the Congress, because I do agree on the abuses of some administrations in concentration of power in the hands of the Executive.

That is something people like myself have been worried about long before the poverty program came up. I wonder where the Congress would be if they voted for the Bricker amendment years ago.

The Executive wouldn't have built up quite the way it has.

But I find it interesting that some of my friends on the other side of the aisle pick a poverty program as their battleground for confrontation with the Executive whenever more substantial issues have found them on the other side.

So, I say even belatedly and on an issue such as this—this is your chosen battleground—welcome to the club. Some of us have been fighting that battle for years. But in this particular case I do think there are areas where there has been gross mismanagement. In many cases it has been used politically.

I could fill the record because I can show you where they have advocated legal services in Cincinnati boycotting local stores. Is that what we do, advocating boycotting of food chains? I, myself, am not as kind as some of my colleagues to baptize this program and say it has been that good. I am realistic. There is no way to spend that much money and not do some good.

But, has the money been well managed and has it received public support? I doubt if there is that much public support.

Mr. THOMPSON. I thank you for your kindness. It is true and you and I are very, very good friends and I hope we will always remain so.

It was only yesterday, I believe, that the Harris poll indicated that the people support the OEO programs, both generally and specifically, by 49 percent in favor to 36 percent opposed. That is a reasonably wide margin.

I don't think that obliterating the program is a good way to approach those aspects which haven't worked as well as they should have. I think we should review them very carefully as a part of our responsibility to correct mismanagement and to make the necessary changes to make the program work.

After all, this program marks the first time in the history of the Republic that the poor have been brought into the operation of society and given a greater degree of control over their own destiny. Many of the people affected have been educationally and socially deprived for many, many years. And so it is quite natural that there would be mismanagement, particularly by people who haven't had management experience before.

Mr. ASHBROOK. I would say to my colleague from New Jersey that, as I understand Mr. Phillips' accurate and precise testimony, this is precisely what he has done and is doing. He has been in the process of reviewing. He has indicated those ongoing programs that are worthy of support in their opinion. Maybe there is some difference.

He said those programs will not only be funded, but in many cases I think he said funded at a higher level.

So, this talk of disintegration or tearing the program apart doesn't seem to hit it, for some reason or other.

Would you care to comment again? Is that the substance of what you said, Mr. Phillips?

Mr. PHILLIPS. I must object to the term "obliterate," because for the fact remains that we are not obliterating Government efforts for the poor. We are saying, in respect to legal services, that we are seeking legislation for a legal services corporation at a funding level of \$71.5 million.

In respect to community economic development, we are seeking legislation which would increase the funding of OEO's CDC activities from \$30.7 to \$39.3 million; that we are increasing our comprehensive health and family planning activities from \$100.5 to \$117.6 million.

What we are doing in regard to community action is saying that the increased funding provided under general revenue sharing and proposed categories of special revenue sharing more than make up for the reduced Federal support for administrative costs of community action, and that furthermore, because of the 6-month phaseout grants and because of the fact that this placing of community action agencies on

their own feet as local institutions, has been a long process, we are really not obliterating anything. We are saying that decisions properly must be made at a State and local level and that the people there are as humane and as capable of dealing with problems of poverty as the people in Washington are.

Mr. THOMPSON. Governor Cahill, a distinguished Governor of New Jersey, a Republican, says:

There is no way our taxpayer can pay for phaseout Federal programs.

There isn't any money.

And in the case, for instance, of medical services, how is HEW, with a \$500 million smaller budget request, going to absorb these OEO health programs? It just doesn't make sense.

On the other hand, we reward mismanagement of the Penn Central Railroad and Lockheed.

Mr. PHILLIPS. Sir, I have never been given a chance to manage the Penn Central or Lockheed.

Mr. THOMPSON. I wish you would switch to the Penn Central. It couldn't be any worse than it is now.

Mr. ASHBROOK. Could I say to the gentleman: if he is successful in this job, with my influence in the White House, and your support, maybe we could get him into into that position.

Mr. THOMPSON. We will work together.

Mr. HAWKINS. Are you still yielding?

Mr. ASHBROOK. I don't think I need any more time. I merely want to say, Mr. Phillips, I appreciate the difficult job you are having.

Mr. PHILLIPS. I appreciate your support, sir.

Mr. HAWKINS. The Chair recognizes Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

A little while ago, Mr. Phillips, you made reference to leaked memorandums. One memorandum that has come to my attention is called: Utilization test data, dated January 1973. I had previously been told that for some reason, although this was printed and in your possession, it was not being released.

Mr. PHILLIPS. Sir, I have given them to almost every Member of Congress, together with our comment on it.

Mr. FORD. I understand, however, that subsequent to that time, another memorandum entitled: "Observations regarding utilization of test data based on 591 CAA's," which is a critique of the first memorandum, has been circulated to Members of Congress at your direction.

I further understand that the first memorandum took some 8 months in preparation, totally funded by OEO, and under the direction of your predecessor at OEO, and that the second memorandum took 6 days, under your direction.

You obviously are much more efficient than your predecessor in handling the intricacies of these 591 CAA's.

Since the first memorandum, Mr. Chairman, is already in the record, I would ask unanimous consent in the sense of fairness, in the defense of Mr. Phillips, that his memorandum as a critique of the original memorandum be entered in the record contemporaneously with the first memorandum so that people might see how you have in 6 days reacted to this 8-month study.

Mr. PHILLIPS. Your generosity of spirit is appreciated, sir.

Mr. HAWKINS. Without objection this will be entered in the record at the same point that the original statement was entered in the record.

Mr. FORD. I want you to know, Mr. Phillips, that I will help you in every way I can.

In your statement today you invoked the President's human resources radio address which, as Mr. Thompson indicated in his rhetoric, gave some of us encouragement. And particularly at the top of page 1 you quote the President as saying:

First, control over decisions should, insofar as possible, be placed in the hands of those to be directly affected by the decisions.

Second, we must make sure that the dollars we spend are being used most effectively, depending upon those for whom assistance is intended,

Third, services should be provided in a manner which fosters self-reliance rather than dependency among recipients.

Do we take this as an unqualified endorsement on your part of the principles set forth by the President there?

Mr. PHILLIPS. I am looking for a copy of my remarks.

The Congresslady from Hawaii raised that question before.

Yes; I do support and applaud the Human Resources radio message of the President. I believe in those three principles.

Mr. FORD. Then later on the same page you say, "In reforming OEO activities we have been guided by the following principles."

The second principle I read is: "Responsibility for control over dollars and program priority should be shifted away from anonymous Washington bureaucrats and placed increasingly within the authority of elected officials at the State and local level, men and women who know the problems in their communities at first hand and who can be held accountable through established processes for their success or failure."

Nowhere in your statement do you mention any of the decisionmaking processes being taken from Federal bureaucrats and being placed in the hands of the President and those to be directly affected by the decision.

Was that an oversight on the part of the draftsmen of your statement or does that represent some departure in OEO policy from the overall policy the President enunciated?

Mr. PHILLIPS. I think you will see that as revenue sharing goes forward, people of all economic backgrounds—

Mr. FORD. Let's not talk about how we fund it.

On the one hand the President is talking about the decisionmaking policy in the hands of the people most directly affected. I may have misunderstood the President. I thought he was endorsing what has heretofore been the bipartisan position of this committee, that there must be maximum feasible participation of the poor.

As a matter of fact, Mr. Quie, the ranking Republican, has been the outstanding advocate of that principle with this committee.

With that in mind, we have very carefully structured community action programs so that not more than one-third of the decisionmakers on any board would be elected local officials and at least one-third of the people on that board would be the people most directly affected in the President's words, the people living in that area.

Just let me see if I can keep you with me. Without regard to where the money comes from, why the difference between putting the

decisionmaking process only in elected officials, when by clear legislative intent the Congress has enacted and reenacted this legislation with the clear intent that the decisionmaking process be shared with the people the President refers to as most affected by this.

Mr. PHILLIPS. There is no reason why the one-third-one-third-one-third procedure can't continue in community action agencies. No decision we have made removes that.

Mr. FORD. Let me give one reason why it can't continue. You are suggesting that the way you would fund these programs would be through the use of the funds that the mayors and county officials and other local officials and State officials receive in general revenue sharing.

I am sure you are aware and counsel should be aware that in most of the States—and I would say in all of the localities of this country—the sharing in the decision process in the way in which we contemplated for the expenditure of those funds, once they have been delivered to State and local treasuries, would be illegal, and that in fact it is illegal for the city council of the city of Detroit to sit down and let someone who is not elected to that council, vote.

So there is no way revenue-sharing funds could be made subject to the same kind of direction and purpose under your program as they now are under community action.

Mr. PHILLIPS. Of course, you are assuming that community action is going out of business. Our assumption is that if community action has succeeded locally it will continue. And I would further point to that utilization study that you cited and say that in that study—I believe the figure was that they relied on something like one-third of their resources only from OEO.

Mr. FORD. Can you name for me one political jurisdiction in this country at any level: State, county, or local, that presently has the legal authority to take money, like general revenue-sharing funds, that has been put into their treasury, and expend it on the programs that have heretofore been financed by OEO under the direction of the CAA?

Mr. PHILLIPS. All of them.

Mr. FORD. I submit: none of them. And I would like to engage in an exchange with your counsel, whoever he might be, on that one.

The other side of the Capitol was lying with mayors and I understand today with Governors, who are using some rather coarse language: "doublecross," and things of this kind. I wasn't doublecrossed, because I never believed the President in the first instance. [Applause.]

But they are here saying, and they are coming to us and saying: it is impossible, even if we had unlimited dollars, and if we didn't need the money for other pressing needs—it is not legally possible for us to divert the funds.

I might call your attention further to the fact that in adopting the President's program of revenue sharing we didn't say they could spend it for anything they wanted to. We specified four areas of general restriction on the expenditure of those funds.

And there are a lot of things, even with the city council acting, that the mayor of New York or the mayor of Chicago or Detroit cannot do. You are now suggesting that any one of these programs that is in place and is worthy—the burden, of course, should be assumed by the local

elected officials at a city council meeting to determine to use revenue sharing money and carrying it on.

I submit to you that that would not be legal and in any event, feasible in any community in this country, and I want to know: how much research do you have? Do you have a memorandum, a backup paper, a staff meeting or anything else that dealt with the problem of inability of local government to use these funds in this fashion, before you decided on this alternative?

Mr. PHILLIPS. Let me make sure I understand you. You are saying that in your opinion neither general nor special revenue sharing funds can be used?

Mr. FORD. There are no special revenue sharing funds.

Mr. PHILLIPS. Or as proposed, could be used for the support of community action. Is that a correct interpretation of what you are saying?

Mr. FORD. I am saying that no general revenue sharing funds could be diverted to be administered by a board consisting of one-third poor, one-third elected officials who may or may not be the proper elected officials to expend the money.

That the only way you can extend revenue sharing funds, once they have reached a city, is by the action of that elected body, city council or aldermen or whatever it may be, that is provided in the constitution and laws in that State for expanding public funds, and that there is no way in which the people could participate in that decision.

Mr. PHILLIPS. In your view they couldn't allocate to community action agencies?

Mr. FORD. No, they could not.

Mr. PHILLIPS. My advice from counsel is different from yours. But let me ask them to explain.

Mr. FORD. I would presume, since there was so much time spent in the early days of this legislation on devising mechanisms through OEO to deal with this problem, your counsel or someone would have recognized this as a problem for local officials, and that there must be something to back up your opinion that it can be done, other than just responding to me.

Mr. PHILLIPS. I am certain there is, sir.

Mr. FORD. Would you submit that to us? Is there any kind of memorandum indicating the ways in which or the kinds of programs, even—even if there are some that might be done?

Mr. TRACHTENBERG. No, sir, there is no such memorandum in existence. I could readily prepare for you such a document.

I think two points have to be realized: what Mr. Phillips, I believe, has been saying I don't believe is inconsistent with what your view is.

Mr. FORD. Wait a minute. Let's stay with this. For example: I am well aware, as a person who came on that subcommittee Mr. Thompson spoke of, of the difficulties we had in the early days of this program in getting it started and sitting.

One of the principal difficulties we had was that, for example, it is illegal in the city of Detroit to hire people for any kind of a program within the city where any dollar of city money was involved, matching funds or otherwise—and most of these programs have matching funds in them—if the employees did not submit to and pass the civil service examination for general city employment.

It was necessary, therefore, to structure the OEO within the city of Detroit into four target areas so that the money could be funneled, not into the city treasury and back out, but so that it could be funneled directly into the program in order to avoid the fact that if you are going to hire poor, uneducated people from the target areas you can't expect them to pass a civil service test which, if they could have passed it, would have given them a job in the first place.

So, all over this country it was necessary for those local officials who wanted very much to cooperate to seek legislation at the State level, to find ways to restructure their civil service regulations, to change their testing devices, and so on.

And ultimately we discovered that the only device was direct funding with CAA.

Second, we discovered that the agencies most ready to proceed with these programs were not, in fact, public. Many church-related organizations provided the only source we had for Head Start, for example, in Harlem. There would have been no Head Start in Harlem if it hadn't been for storefront churches, which were funded for minimal kinds of architectural and plumbing changes and so on, so that they could accommodate kids. And there was no way that a local governmental agency could do this.

There is still no way, in almost all of the States, for funds going to a program like that, to get there if there is no CAA to fund them with. You cannot fund money to the State of Michigan or to the county of Wayne or to the city of Detroit, and have any of it end up in a Head Start program that is operated on and by people in a church-related organization. That is absolutely prohibited.

So when you destroy CAA as the conduit and OEO as the principal operating agency down here, you destroy the entire infrastructure that has been established throughout this country to bypass those kinds of legal inhibitions and the legal strictures and get to the people the President was talking about here.

I don't think that it has been apparent at any time in these hearings that your shop has given very much thought in this connection.

Mr. TRACHTENBERG. The funding of such activities as health centers will continue without regard to revenue sharing. They will be directly funded through the various agencies that will be receiving the funds through delegations of authority. They will continue. Health will continue; migrants will continue; all these programs that Mr. Phillips has previously mentioned will continue on direct funding from a Federal agency without respect to general revenue sharing.

Mr. FORD. I know, as a matter of fact. But what percentage would you think of the existing Head Start programs are funded directly to a public agency?

Mr. TRACHTENBERG. I would have no idea, sir.

Mr. FORD. Well, if you had worked this out you ought to have some idea.

Would it come as a surprise to you if I told you that in numbers, not in total dollars expended, there are more Head Start programs being funded in total numbers to nonpublic agencies than to public agencies?

Mr. TRACHTENBERG. Not at all, Mr. Ford; not at all. And that will continue, sir.

Mr. FORD. Without a community action agency to act as the recipient and sponsoring agency, how do you propose, consistent with the Constitution of the United States and the sovereign States, to bypass the public agencies and get that money to the common people?

Mr. TRACHTENBERG. Because we are still, as I said, not talking about general revenue sharing. When you talk about Head Start, you are continuing to talk about funding—

Mr. FORD. How do we get the Head Start appropriated for OEO from Washington to a Head Start program that is not a part of the public school system?

Mr. TRACHTENBERG. Just exactly as we are doing it now, except that it will go from HEW directly to the grantee recipients. In some cases that will continue under the umbrella of the community action agency.

Mr. FORD. Then HEW will take the place of the present community action agency as the umbrella agency for operating the Head Start program?

Mr. TRACHTENBERG. In some cases, and probably more cases, there will be direct funding of the Head Start agency, without going through the community action agency.

Mr. FORD. Once you have eliminated the action agency—

Mr. HAWKINS. Mr. Ford, may I request that this be the last question asked? I have given you exactly 14 minutes.

Mr. FORD. Thank you, Mr. Chairman. You are very generous.

Without the existence of the community action agency—we are talking now about OEO dollars—

Mr. TRACHTENBERG. That is correct, sir.

Mr. FORD. What you say is that you will send the dollars over to HEW. HEW will deal directly with the individual Head Start program. And the step that formerly was in there was that you dealt with this community-based organization of one-third, one-third, one-third representation.

Now, how can you square that kind of a new structure with the assertion by Mr. Phillips that you are going to eliminate Federal bureaucrats and replace them with local decisionmaking people, when you are going to eliminate the only local decisionmaking people from the whole funding process?

Mr. TRACHTENBERG. I don't believe the reference to Head Start is what Mr. Phillips has been talking about. He was referring to the general revenue-sharing provisions. Head Start—we have parent and consumer participation on our Head Start grantees.

Mr. FORD. But you have a community action agency. Without community action you don't have Head Start on this program. If you don't know that, you shouldn't be sitting at that table.

Mr. TRACHTENBERG. That is not accurate; that is simply not accurate.

Mr. HAWKINS. Mr. Phillips, do we understand, in answer to Mr. Ford's question, summarizing it, that you anticipate the passage of a special revenue-sharing fund in order to continue many of these programs?

Mr. PHILLIPS. Not precisely, Mr. Chairman. What we are saying is that under existing general revenue-sharing provisions and under the provisions of special revenue sharing as they have been proposed for passage by the President, in the cases of at least three categories of

special revenue sharing, namely, educational revenue sharing, manpower special revenue sharing, and 1 year hence, community development special revenue sharing, that it would be possible for those funds to be used in support of community action.

Mr. HAWKINS. Yes; but you are assuming two things: you are assuming that special revenue funding will be passed.

You are also assuming that under local option these programs will be continued; and not considering whether or not, in some instances local governments will be unwilling or unable to continue them.

Can you imagine the government of Mississippi continuing a program that is aimed against discrimination, for example? Many will be unable financially to do so. Now, what happens to the poor people in those instances if you leave it up to a local official?

Let's say the local official acts arrogantly and defies reason and ethics and everything else. Do we leave these poor people out because of that discretion which you have given to someone?

Do you consider this a nationally concerned problem?

Mr. PHILLIPS. I think poverty, of course, is a national concern.

Let me make sure that I am being clear.

Mr. HAWKINS. I understand from the answers that I think Mr. Ford successfully indicated the difficulty of general revenue sharing; that if you expect to go that route you will have difficulties, legal difficulties.

Mr. PHILLIPS. I think there is a disagreement on facts.

Mr. HAWKINS. I think there is too much doubt to say with any assurance that that is the answer.

Second, then you would be forced to rely on special revenue sharing and the Congress willingness to legislate that. Is that what you are relying on?

Mr. PHILLIPS. Not exactly. We are saying that those funds will probably be available, but we are saying that in essence, already community action agencies only rely on OEO per se, for about a third of their funding.

We recognize the possibility that some local officials will select other priorities but we also say that it is inherent within this decision, within the policies that are embodied, for example, in revenue sharing, that increasingly we are going to be relying on State and local officials; that we cannot assume that because decisions are made in Washington they are necessarily going to be made better than they would be if they were made in a community in California, or Georgia, or Massachusetts.

Mr. HAWKINS. I will recognize Mr. Meeds.

Mr. MEEDS. Thank you very much, Mr. Chairman.

Mr. Phillips, if you were President of the United States, if you had said about the program, "For many of our citizens legal services has reaffirmed faith in our government of laws and made a dramatic symbol of this Nation's commitment to the concept of equal justice, a program new and unparalleled by any other system of justice in the world, and if you had a director——

Mr. PHILLIPS. I would read a more accurate newspaper.

Mr. MEEDS. Are you suggesting the President still reads the Post?

Mr. PHILLIPS. I am suggesting, as we discussed earlier, that that quote in the newspaper was not a quote from me. It was a quote from a former employee of OEO.

Mr. MEEDS. That is an inaccurate statement? You never made that statement?

Mr. PHILLIPS. That is correct, sir.

Mr. MEEDS. Now, Mr. Phillips, section 623 of 42 U.S.C. 2297(1) (d) provides: "All rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this act, shall be published in the Federal Register at least 30 days prior to their effective date."

Now, correct me if I am wrong on these dates. I think on January 31st and February 8th, you have indicated, there were directives or orders from the Office of the Acting Director which revoked all authority for officials of OEO except yourself to act on renewals, expired legal services grants. You have eliminated all letters of credit and financing except in certain preexisting cases. You have declared and decreed that other financing shall be on a check basis, with no project to receive thereby more than 30 days' funds.

You have multiplied the required documentation, the process of receiving grants, not only from legal services program, but other programs. You have restricted travel allowance by legal service projects staffs so as to certainly jeopardize their clients' rights in many instances, and a number of other things, by these directives.

Can you tell me anywhere that you have published a notice of this in the Federal Register, as required by section 623?

Mr. PHILLIPS. Okay, let me try to deal as best I can with the various elements of your comment.

In regard to letters of credit and check issue procedures and the rest, I am going to have our comptroller, when I conclude my comments, explain to you what the implications of those procedures are and why they were implemented.

In regard to legal services travel I am going to ask Lawrence McCarty, the Acting Head of the Office of Legal Services, to point out that in no way has any necessary travel by legal services attorneys been restricted.

Mr. MEEDS. In substance: have any of the changes I have mentioned been made? You can answer that "yes" or "no."

Sir, I don't have very long. I am not trying to put you on the spot at all. But that question really can be answered "yes" or "no." If I am incorrect, you can say so; right?

Mr. PHILLIPS. We instituted a number of emergency procedures.

Mr. MEEDS. All right. Were any of these noted in the Federal Register as required by section 623? That is all I am asking.

Mr. PHILLIPS. I believe these either have been or are in the process of being placed in the Federal Register.

Is that not correct?

Mr. MEEDS. Had they been placed in the Federal Register 30 days before they took effect?

Mr. PHILLIPS. No, sir. I didn't take office until it was January 31, and it was not my opportunity to place them in effect 30 days ahead of time.

Mr. MEEDS. So that these regulations then have been promulgated in direct contravention of section 623, which is a violation of the law. Isn't that correct?

Mr. PHILLIPS. I don't believe it is correct, sir.

Mr. TRACHTENBERG. Congressman Meeds, if I may: section 623 is, as you so indicated, a reflection of the congressional desire to publish certain forms of instruction in the Federal Register.

Mr. MEEDS. Congressional desire, you say? Isn't it the law of the land, among other things? Isn't it the law of the land?

Mr. TRACHTENBERG. Yes, it is, sir.

I would like to read from the House report, from the House committee report on this particular provision. The committee stated as follows, and this is with regard to section 623:

The committee amendment does not by its terms render ineffective rules, regulations, guidelines and instructions that are not furnished to the committee, it simply requires that they furnish the appropriate—

Mr. MEEDS. We are not talking about furnishing the committee anything.

Mr. TRACHTENBERG. May I explain, sir? This was the same provision that was in the vetoed bill which required a submission to the committees in advance, 30 days in advance.

Mr. MEEDS. That was the language before Mr. Ford amended it. That is my recollection. The 623 that I am talking about is the amendment of the gentleman from Michigan. And it was done to prevent precisely what you have been doing down there.

Mr. TRACHTENBERG. If I may respectfully suggest otherwise, the only change between the vetoed amendment and the ones that were passed was the requirement that instead of submitting it to the committees it was submitted in the Federal Register.

Mr. MEEDS. I am glad to hear your justification of that. I was here when it was done and joined the gentleman from Michigan in that amendment. I know what his purpose was and his purpose was to prevent what you have done, exactly.

Maybe you had better go back and study the legislative history.

Mr. TRACHTENBERG. There is no legislative history. The only legislative history is the one dealing with the veto of the amendment.

Mr. MEEDS. Did you read the conference report?

Mr. TRACHTENBERG. Yes, sir.

Mr. MEEDS. And you couldn't find anything in it?

Mr. TRACHTENBERG. Not to the question of legality of not publishing.

Mr. MEEDS. Counsel just reminds me that in the absence of legislative history you might consult the statute.

Mr. TRACHTENBERG. Coming from my former boss, I accept that as very good advice, sir.

Mr. MEEDS. Additionally, let's get into, with Mr. McCarty, the cancellation of travel by Legal Services staff.

It is my understanding that the directive was all-encompassing, that it prohibited all travel outside of the jurisdiction of the staff people involved.

Am I incorrect?

Mr. McCARTY. Yes, sir, you are technically incorrect. It had to do with Mr. Philips' overall directive which stated that a check could be made in the event necessary legal travel was being requested.

We have kept a register of people who have requested it and in no case has any attorney requested travel to a court of appeals or asked for travel to perform a legal service where that travel has been denied.

It was the intent to only prevent an abuse of Government funds.

I can assure you that this log has been maintained with critical faithfulness.

Mr. MEEDS. You are telling me there have been abuses existing for at least 4 years now?

Mr. McCARTY. I have been so informed, sir. It was my intention to cut that down.

Mr. PHILLIPS. Let me tell you about one of them. For example, although you have been critical today, and I appreciate your position, of some areas in which full appropriations are not being expended, there is, for example, the fact is that in the Office of Legal Services money has been spent at a rate in excess of that appropriated or authorized by the Congress.

There have been a number of administrative problems that Mr. McCarty has been trying to deal with.

Mr. MEEDS. Wouldn't that also be a violation of the law?

Mr. PHILLIPS. It very well might be, sir.

Mr. MEEDS. Let's also get to the question of the new legal services legislation which you are drafting.

I was very happy to hear in response to Mr. Steiger that you expect to have that here probably in the next 2 weeks. I am delighted to hear that.

Who is preparing that legislation? Do you have some lawyers down there left in the legal services program?

Mr. PHILLIPS. Some people have said we have too many new lawyers that we brought in. There are a number of people on the Hill and in the executive branch who are involved in the process of developing the legislative proposals that will be submitted by the President.

The bill which is submitted will be submitted in the normal procedure out of the White House. I cannot tell you with authority who will be the final draftsman.

Mr. MEEDS. You once had an advisory council set up under this legislation which, as I understand it, has been disbanded.

Am I correct on that?

Mr. PHILLIPS. I appreciate your asking that question.

In 1965 an advisory council was set up, the National Advisory Committee on Legal Services.

Many of the members who were appointed by Sargent Shriver and under President Johnson back in 1965 continued as members of that National Advisory Committee on Legal Services. One of the ironies is that certain of those members represented organizations or institutions which were receiving substantial sums of funds from OEO at the very time they were advising the program.

Mr. MEEDS. So you are saying that the Advisory Council was tainted, is that correct?

Mr. PHILLIPS. I am saying it existed at the discretion of the Director of OEO for the purpose of providing advice to him.

As part of our effort to reorganize responsibility for Federal anti-poverty programs in anticipation of that fact that OEO per se will cease to operate on June 30, in order to save a projected \$192,000 in public funds, we discontinued a number of advisory committees around the country which had in excess of 300 members.

Mr. MEEDS. Don't you think it would be helpful to utilize these people in drafting this new legislation?

Mr. PHILLIPS. One of the members of the National Advisory Committee was John Douglas, who was national cochairman of the McGovern campaign. I didn't think there was any particular reason for us to rely on his judgment since Richard Nixon won the election.

Mr. MEEDS. Do you think you should have chopped off all their heads because Mr. Douglas went astray?

Mr. PHILLIPS. Sir, we discontinued a number of advisory committees. We acted within the law, and I believe wisely and properly.

Mr. MEEDS. I get the continued picture of a meat-ax approach to everything.

If there is a bad program somewhere, you meat-ax the whole poverty program.

Mr. PHILLIPS. Sir, we are not meat-axing the poverty program. The level of expenditure for every portion except section 221 funding is greater in fiscal 1974 than in fiscal 1973.

Mr. MEEDS. You keep saying that.

Do you really think we believe that, sir? Do you really think that the Department of Health, Education, and Welfare, where you are going to send these programs, which has \$500 million less in its budget for health care this year, is going to absorb an additional \$100 million coming from OEO?

Do you really believe that?

Mr. REDENIUS. These items are not absorbed. These are existing within the departments in each case.

Mr. MEEDS. So you are saying every cent spent for OEO in fiscal 1973 will be spent in 1974?

Mr. PHILLIPS. Except for 221 funding.

Mr. MEEDS. I don't wish you any bad luck, but I hope you are around next year so we can talk about this again.

We will see how inaccurate we were, sir.

Mr. PHILLIPS. I share that wish with you, sir.

Mr. HAWKINS. Mrs. Chisholm.

Mrs. CHISHOLM. Thank you, Mr. Chairman.

First of all, I have been sitting here very serious-minded, not smiling, while many people were laughing and giggling about some of the remarks.

I don't think we truly realize the depth of this problem in terms of the national level.

In your desire and haste to actually make sure that we don't get Humpty Dumpty put together again, you have failed, actually, to really understand the intent of the OEO legislation in this country—what it has really meant to many, many people throughout this country.

We recognize that there have been deficiencies, but we don't throw out the baby with the bath water.

I think you are intelligent enough to realize that.

With the Vietnam war veterans returning home, with the elimination of summer job programs for high school students with the terrific unemployment rate, and with the recession we are going through, don't you and the Chief Executive of this Nation realize that by July 1 of this year we are not going to be able to contain a frustrated, deprived, disillusioned population in this country?

No longer are you going to be able to ask civil rights leaders and people to come out on the streets and cool the crowds, on the grounds that they can anticipate something better in the future.

This has nothing to do with the fact that people are erupting just for exercise.

This has to do with the fact that because of this program many people who have been left outside the American dream would have had an opportunity to begin to at least get one foot inside of that door.

Here, this afternoon, this entire morning, we have talked about the dismantling of the one hope that this country was giving to the poor people.

What role do the poor really have in the general revenue sharing program that we have been talking about?

In the special revenue proposals the President is submitting, the poor will have no role.

We know the Governors have been defrauded because many of the categorical grants have now been wiped out completely. The Governors were told that these programs would not be touched, but this promise was not kept in the general revenue sharing plan.

We have been robbing Peter to pay Paul.

You sit here this afternoon trying to give people the illusion, or idea, that we are putting more money into these areas in the future.

You know as well as I do that this is not so.

I would like you to answer this: What role are the poor in this country going to have in terms of this general revenue sharing everybody is babbling about?

Mr. PHILLIPS. The answer is that they will have the role that every other citizen has; namely, the opportunity to impact on the decision-making process at the local level.

Mrs. CHISHOLM. How? How?

Mr. PHILLIPS. How?

Mrs. CHISHOLM. Yes.

Mr. PHILLIPS. By working with the city hall, by working with local officials, electing people to office and impacting decisions, the same way as do more affluent people.

Mrs. CHISHOLM. Don't you agree that historical evidence in this Nation has indicated that if authority is controlled by local, city, and State officials in certain sections of this country, there will be many people who will never be able to have any input into programs?

If you are going to leave these funds in the hands of many of these Governors and mayors, you know full well that unless you have built-in guidelines, those programs and revenues are not going to reach down to the people.

Mr. PHILLIPS. There are places in this country where officials are not as sensitive to people's problems as they should be. There is no denying that.

Mrs. CHISHOLM. You talk about general revenue sharing—and the Governors are already discovering the fraud of this whole general revenue sharing concept—but what are we going to be able to do in terms of helping the poor to develop the work ethic the President speaks about?

What are we going to be able to do in terms of helping the poor to develop the opportunities to really get their feet inside the economic and social door in this country?

Your President and my President speaks about the work ethic.

Mr. PHILLIPS. We are raising a lot of issues here.

Let me say that, first of all, not all categorical programs are being eliminated. Except for the overhead costs for Community Action Agencies, all of the other specific service delivery programs of OEO are being continued.

We think they will be more effective by being tied in with larger service delivery systems and in some cases they have been less effective as a result of the fact they have been isolated from the programs of HEW.

Mrs. CHISHOLM. These are theoretical concepts you are speaking about.

In actuality, in our country we have recognized that many of these theoretical concepts, though they are placed on the blueprint board, are never carried out.

I think that we have to get away from these theoretical concepts and sociological jargons and find out concretely how the poor are actually going to be able to have some say about funds that will help them to escape from poverty, granted the fact that the OEO program is on the way to being obliterated, if that is your decision.

Mr. PHILLIPS. It is my view that, within the context of revenue sharing, the people who will have control of resources will be just as able to make good decisions about the priorities for those resources in Chicago, or Springfield, Ill., as they will be in the Federal City, in the Capitol.

Mrs. CHISHOLM. In all honesty, take the State of Mississippi or take the State of Alabama, and look at the history of those States in terms of their chief executives dealing with the poor. The record speaks for itself.

You know that you cannot put that kind of responsibility in the hands of some of the chief executives of the States in this Nation, and that is precisely why the OEO program came into operation—to be able to get to that kind of leadership.

Mr. PHILLIPS. Let me be clear. The only thing for which funding is being shifted to the local level as a result of these budget recommendations is the funding of the overhead costs of Community Action which have previously been provided by OEO. The money they received from HEW is not impacted on by this decision. The money they receive from private sources or local government is not impacted on by this decision.

This decision merely relates to the expenditure of OEO funds under section 221 for the overhead costs of Community Action Agencies.

Mrs. CHISHOLM. You keep speaking about this decision. You have not given the Congress, the body that brought this legislation into existence, an opportunity to make an evaluation as to whether or not this is the future action that should be taken with respect to this action.

Where do you get your authority?

Mr. PHILLIPS. We are continuing to expend funds under the fiscal year 1973 budget authority. In anticipation of the implementation of President Nixon's 1974 budget recommendations, we are preparing for those recommendations by seeing to it that the officials of other departments and agencies, which, under those recommendations, would assume responsibility for various programs, are equipped to handle that responsibility effectively.

We are working on the legislation for the legal services program, on the legislation to continue our CDC activity.

In regard to Community Action, we are providing 6-month grants which we are going to continue to obligate as late as June 30, 1973, so that in anticipation of the implementation of these decisions the Community Action Agency will be ready for them.

Mrs. CHISHOLM. We speak about in anticipation of.

There is nothing that is very, very definite about many of these things you are sharing with us.

I would like to ask you: Were you, in all honesty, charged with the responsibility of completely eliminating the OEO program?

It seems to me in terms of what has been happening, in terms of your answers, in terms of the stories circulating, in terms of the covert and overt memos, that you were mandated with a certain kind of responsibility, and that this is what you must do, and this is what you have to do, in spite of everything else that is indicating that this is the only real program of hope to the poor people of this country.

Mr. PHILLIPS. We are implementing the President's budget recommendations and the fiscal year 1973 appropriations which have been enacted into law and approved by the President.

Mrs. CHISHOLM. All I want to say is this: That we know that we give people something in one hand in this country, and then so often, before they know what is happening, it is taken away from them.

Will you please take back to the President of the United States of America, and to all of his advisers, that this time out, this time out, people are not going to take anything lying down.

I think you have to answer to them. You have to answer to them, really—you have to answer to the depth of their frustration.

Don't destroy this program. Go back and look over the program, and let's try to do something in terms of erasing some of the weaknesses. I believe a lot of people will tell you there are weaknesses and things that need to be cleaned up in the program.

But don't do this. Don't destroy the program.

In the same way that Lockheed and others came up here to this Hill and were able to get funds to carry on their kinds of programs, in spite of the fact that they were mismanaging—do the same thing for the poor in this country.

Mr. PHILLIPS. We are not doing away with the poverty program. We are reassigning the dollars that have previously been administered by OEO and placing them under different authorities. We are not doing away with Federal support for poor people.

Mrs. CHISHOLM. I have no further questions.

Mr. HAWKINS. Mr. Phillips, you keep repeating that.

You are doing away with the central office. You are doing away with the possibility of asking a Mr. Phillips to come before this subcommittee and explain to us what is happening to the poor.

What you are suggesting is that you are dispersing the program, giving it to HEW, HUD, and others, and we would have to invite all of them to come up and give us a report on what is happening to the poor people.

The thing you are destroying, the concept we wrote into the 1964 act, is that there would be a central office to coordinate the programs and be a spokesman for the poor. Do you believe that in fragmenting the program that you are not doing away with it?

I think you overlook completely the concept which we thought we were creating. This, in terms of something very practical, is happening: In my area—and let me refer to it because I am familiar with it, and that is the only reason for doing so—the summer youth program under Neighborhood Youth Corps administered now by the Department of Labor, is being terminated as of June or July, when these children are out of school. They will have no jobs available to them.

The manpower programs are being reduced. Skill centers are folding up. The Job Corps is being reduced.

Already one center has been closed up.

The health program, despite what you have said, and I have checked on it, has only been given bordering authority, and not been given a definite commitment that they will get the money which was submitted to them in January.

What I am trying to say is that the accumulative effective of all these programs administered by all these different departments will have the effect in June or July of creating a crisis—like we had in Los Angeles in 1965 when, under local option, the mayor of the city of Los Angeles decided he was not going to give out money which had been allocated to the poor until he had complete control of the machinery. He held up that money.

In August of 1965 the people just rioted in the streets because they could not stand it any longer.

Now the condition today, or what this area is faced with today—and the same is true of areas across this country—is exactly identical with what happened in 1965 and throughout this Nation in 1967 under so-called local option, without a central agency or the legal services and the other programs to which they could turn legally to methods of solving their problems.

These things are now being so dispersed that they would have to be brilliant, they would have to be economists, they would have to be the world's greatest managers, in order to locate the programs even, let alone to benefit from them. But they will not be able to benefit from them.

Do you think frustrated people are going to take this patiently and not fight back, and in some way not encourage them?

If that is what you are hoping for, and we are to try to explain to them why some revenue sharing money did not get down to them, I think you are understating the problem.

I think you are not considering the responsibilities you have as head of the Agency, and the administration is not backing you up on getting a program that will save America this summer.

I anticipate it will be a hot summer.

Mr. PHILLIPS. I would appreciate giving Mr. Redenius an opportunity to talk about the manpower programs and the fact that jobs this summer will not be adversely impacted by these decisions.

I have to say again that the effect of these decisions is not to make it harder for people to focus on getting results. It will make it easier.

Instead of having the decisions made in Washington, they will be made in the areas of State and local government at the local level.

Mr. HAWKINS. Aren't they made now through the Community Action agencies which are public parties?

All the Community Action agencies today are composed and controlled by officials. Under the amendment, this is compelled by law.

You are talking about Community Action agencies today are under the control of local officials.

Mr. PHILLIPS. I would submit, sir, that those Community Action agencies which enjoy local support will continue.

Mr. HAWKINS. How will they continue if they don't have the money?

Mr. PHILLIPS. We are removing one-third of their funding.

Mr. HAWKINS. That one-third is necessary sometimes to generate the other two-thirds. That is the way it has been generated.

You gave them one-third, and they went out and generated the other money. Even if you deprive them of the one-third, where is this to be made up?

Mr. PHILLIPS. There are other Federal funds which Community Action agencies will continue to receive.

Mr. HAWKINS. What other funds will they continue to receive?

Mr. PHILLIPS. Dick, would you spell out the manpower in that?

Mr. HAWKINS. That is, assuming they are continued.

Mr. REDENIUS. Earlier we indicated that the other programs OEO runs at the headquarters level will be shifted to other departments. The Head Start program in HEW will continue to be operated from that agency, as it has in the past couple of years.

The grants will still be made through Community Action agencies. The funding for that program is increased in 1974.

Manpower, to the extent that categorical programs have been proposed to be merged under special manpower revenue sharing, we have indicated those funds will be available.

Mr. HAWKINS. Those funds are being decreased by 50 percent in 1974, so the local officials have 50 percent less money to handle problems.

In addition, the emergency employment program is being terminated with the \$1 billion surplus which has not been expended at the same time that the summer youth program is being terminated.

These are facts. This is what is happening.

You are not explaining this away.

Mr. REDENIUS. The analysis which we furnished for the record at an earlier point in the hearing which covers the \$30 billion in Federal support for the poor in a variety of programs basically covers where the additional funds are coming from.

In fact, what you are citing here is a listing of those areas where there may be some reduction in funding. But all programs taken as a whole, all programs of the Federal Government going to support the poor, the total funding for that increases in 1974 over 1973.

Mr. HAWKINS. You are including a lot of programs, social security, and the others, veterans' benefits, the Railroad Retirement Act, and all of that.

Mr. REDENIUS. Yes. But the change, the most recent increase in those social security benefits took over 1 million elderly persons out of poverty.

By definition the analysis we have included for the record only covers Federal support for those persons who are still poor. There are billions of dollars in additional social security that are going to formerly poor persons that are not included in that analysis. That analysis accommodates that kind of change.

Mr. HAWKINS. Which analysis?

Mr. REDENIUS. This is overall Federal support to the poor, which we inserted into the record this morning.

Mr. HAWKINS. I wish you would resubmit that analysis so we will have an opportunity to evaluate it.

Mrs. Mink.

Mrs. MINK. Mr. Chairman, may I pursue this report to which Mr. Redenius referred, which has been provided in the committee?

I had an opportunity to review it, and it is an absolute lie, to suggest to this committee that the funds which are going to poor people are going to remain the same.

By your own report which has just been provided to this committee, there is a reduction from fiscal year 1973 to fiscal year 1974. By your own definitions explaining your tables, you set forth under table 3 what you call Federal outlays benefiting the poor by analytical categories.

There you say the "human investment" program is estimated at \$5 billion for fiscal year 1974 designed to benefit the poor by assisting them to break out of the cycle of poverty, and you include in there promotional programs in education, development of work skills, community development, job opportunities, work-study programs, and community action.

Under "maintenance" you say these to be noncash support, maintenance support, and services to support those in poverty.

You also make two criteria, "poverty entitlement," which are programs for which persons qualify specifically because they are poor; "normal entitlement" programs, which are programs for which persons qualify for some other reason other than poverty.

Let me read the figures contained in table 3 for fiscal year 1973 under "Human Investment", which is the issue we are addressing ourselves to. You have for fiscal year 1973 \$5.5 billion; for fiscal year 1974 you have \$5 billion.

This is a reduction of a half billion dollars.

How can you suggest to this committee that the same dollars are going to go to the poor, but more directly; under the poverty entitlement for fiscal year 1973 you have \$4.2 billion going to the poor; in fiscal year 1974 this is reduced to \$3.1 billion. At the same time the normal entitlement increases. All other areas of maintenance decreases. There is not one single dollar of increase and not a single carryover dollar of the existing poverty program shown by any of your tables for fiscal year 1974.

So I don't see how you can come to this committee and say that all this is is a reduction of operational and overhead and administrative funds but that the same dollars are going to go to help the poor directly.

Your own tabulation proves otherwise.

Mr. REDENIUS. You have selected those individual pieces of the tabulation which do show some decrease. When you add all the pieces together and look at the grand total, the grand total goes from a figure of \$30.1 to a figure of \$30.3, an increase of \$200 million.

Mrs. MINK. Only in the maintenance area; not in the human investment area.

You, yourself, described the latter as programs directly intended to benefit the poor by assisting them to break out of the cycle of poverty.

This is exactly your language and exactly the program that OEO was designed to try to meet; yet these funds are being reduced.

Mr. REDENIUS. The very first table in the analysis discusses cash payments to the poor. Those are virtually stable from one year to the next. The figure is \$13 billion in 1973, \$12.9 billion in 1974. The reason for the decrease, as I have indicated before, is that 1.3 million elderly persons who in 1972 and 1973 received support from this program continue to receive support from the program in 1974, but they are—

Mrs. MINK. You are talking now about social security amendments, and not OEO human investment programs, otherwise administered by HEW.

Mr. REDENIUS. That is correct. Where they are now raised above the poverty line because of this increase, they are not even included in the analysis.

Those billions of dollars are in addition to what we are talking about here.

Mrs. MINK. I would like to address a further inquiry to Mr. Phillips with respect to Head Start.

You have stated in response to other questions that the Head Start program was going to continue to be operated under the Office of Child Development as in the past, and the criteria and eligibility for participating and qualifying for these funds will not be changed.

Is that a correct understanding of your prior statement?

Mr. PHILLIPS. No. What I indicated was that our child development research and demonstration activities now at OEO were being transferred to the Office of Child Development at HEW. I had not commented on Head Start going to HEW. It is already there.

It is my understanding that additional funding is provided in Head Start to pay important overhead costs that had previously been directly appropriated to community action agencies by OEO.

Mrs. MINK. So that the policy, then, for the continuation of the Head Start program is to provide overhead and administrative costs to whoever the grantee agency may be for the operational programs of Head Start. Is that correct?

Mr. PHILLIPS. Head Start is under the authority of HEW now, not under my authority. It is my understanding that additional funding has been placed for the Head Start program in HEW to cover the loss of overhead support for Head Start provided by OEO under section 221.

Mrs. MINK. Is there a policy with respect to the granting of the Head Start programs to community action agencies?

Assuming CAA's are able to continue, even though your decisions to dismantle them may go into effect; CAA's may be able to continue somehow through local or private support. Is there a policy with respect to the continuation of discontinuation of, their being given the grants for Head Start?

Mr. PHILLIPS. They would continue to be eligible mechanisms.

Mrs. MINK. Eligible or preferential mechanisms?

Mr. PHILLIPS. Eligible.

Mrs. MINK. Is there any policy with respect to how the programs currently being managed and operated by CAP's will be administered under this new policy?

Mr. PHILLIPS. No, there is not, at least not to my knowledge.

Mrs. MINK. Will such a policy be disseminated in the near future?

Mr. PHILLIPS. We are in the process of doing a number of things, preparing a number of papers, studies, agreements, with other departments and agencies to see to it that the responsibilities that they assume will be exercised in the best manner possible.

I think it is reasonable to speculate that as soon as we can, information about the relationship between those departments' and agencies' programs that they direct fund and community action agencies will be spelled out.

Mrs. MINK. Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you.

It is the intent of the Chair to try to conclude the hearing in the next 15 to 20 minutes. We are going to allow each member of the committee to ask another question.

In the meantime, may I recognize some of our distinguished Members of the Congress who have come into the hearing room.

The gentlelady from Texas, Miss Barbara Jordan.

The gentleman from Ohio, Mr. Louis Stokes.

Mr. Parren Mitchell from Maryland.

Mr. Ronald Dellums of California.

Mr. Charles Rangel of New York.

Mr. Andrew Young of Georgia.

Mr. Ralph Metcalfe of Illinois.

Mrs. Yvonne Brathwaite Burke of California.

Mr. Stokes is the chairman of the Congressional Black Caucus.

We would be honored to have you make a brief comment on behalf of your group, if you desire to do so.

Mr. STOKES. Thank you. Mr. Chairman, and members of the Education and Labor Committee, I would just like to say that members of the Congressional Black Caucus are here this afternoon to register their concern and show their support of this committee in its inquiry into the dismantlement of these programs and the impounding of these funds.

Each of us represents people who are affected by the ax taken by OEO in the dismantlement of these programs that have given people in this country some hope where there was just despair.

We have faith in this committee, Mr. Chairman, being able to make the kind of inquiry and record here to enable this Congress to register some concern, some sensitivity about the plight and the problems that confront poor people in this country.

Our presence here this afternoon is to show support for you and this committee and to this inquiry.

Mr. HAWKINS. Thank you, Mr. Stokes and the gentlemen and gentle ladies from the Congress. We are pleased to have you.

Mr. Benitez, we will go down the subcommittee for a final question.

Mr. BENITEZ. Concerning the items of Puerto Rico, I will not raise at this point any further question.

However, I think I would be remiss as a citizen of the United States if I did not raise one question in this context, which follows somewhat the concerns of my colleague, Mr. Ford. It is as follows:

As I understand it, this is in part a question of money, but, more important than that, it is a question of concern and distress with the future of a methodology in this country.

I refer not necessarily to Puerto Rico, where they don't have these particular problems. As I understand it, the main concern is the fol-

lowing: OEO and community action programs have represented a new modality in the utilization of public funds. For the first time a structure has been created which permits the incorporation of private groups and the incorporation specifically of the poor and minority groups in the determinations of programs which are going to affect their own livelihood and their own problems.

Now, it is feared—and it is obviously feared by very many people—that the approach that you are taking, or that the Government is taking, to this methodology may cripple its effectiveness even if they had all the money in the world, cripple their effectiveness in a number of communities which might either not want to use this methodology or who are precluded from using it because of the legal limitations that their statute and local situation provide.

Now, the question, therefore, is: Can we be assured, (A) that the moneys for the continuation of this program will be available in the United States, and (B) that your legal studies indicate that there would be no interruption to the continuation of these programs because of legal limitations in the incorporation of private groups and private actions?

Mr. PHILLIPS. Let me respond to that to the best of my ability.

My understanding is that the increasing funding now available through general revenue sharing and proposed to be available through the three categories of special revenue sharing to which I alluded earlier are greater than the reductions in Federal support for community action.

That does not, however, mean that those funds would necessarily be used for community action agencies.

That would be a matter at the discretion of the State and local government officials to which they would be assigned.

In regard to part (B), to the best of my knowledge, relying on counsel, there is no legal limitation on the use of these funds.

On the basis of the concerns which have been put forward by Congressman Ford, I will seek an additional review into those questions to make sure that our opinion is on firm ground, but I believe that it is.

Mr. BENITEZ. Let us suppose it is not on firm ground, what would be your position?

Mr. PHILLIPS. We would respond to that situation accordingly. I don't want to deal with it because it is hypothetical, and I think we are on firm ground.

Mr. BENITEZ. Thank you.

Mr. HAWKINS. Mr. Ford.

Mr. FORD. Thank you, Mr. Chairman.

Since I have only one question I am going to be forced to make it complex, but I hope not too complex.

I take it from previous answers here and statements that have been made, that you rely for authority to delegate the programs to agencies like HEW on section 602(a) through section 602(d) of the Economic Opportunity Act?

You are nodding your head.

In answer to questions by Mrs. Mink a few moments ago, Mr. Phillips, you said something to the effect that besides Head Start is under HEW, and "It is not under my control."

Do you believe that to be an accurate statement of your statutory jurisdiction?

Mr. PHILLIPS. We delegated jurisdiction for that some years ago to HEW.

Mr. Ford. Section 602(d) states:

With the approval of the President, arrange with and reimburse the heads of other Federal agencies for the performance of any of his functions under this Act and, as necessary or appropriate, delegate any of his powers under this Act and authorize the redelegation thereof subject to provisions to assure the maximum possible liaison between the Office of Economic Opportunity and such other agencies at all operating levels, which shall include the furnishing of complete operational information by such other agencies to the Office of Economic Opportunity and the furnishing of such information by such Office to such other agencies.

In addition to that, in section 222 we designate a number of programs which we have come to refer to in this legislation as special impact programs.

Among those are Head Start. We said:

In order to stimulate actions to meet or deal with particularly critical needs or problems of the poor which are common to a number of communities, the Director may develop and carry on special programs under this section. This authority shall be used only where the Director determines that the objectives sought could not be effectively achieved through the use of authorities under section 221, including assistance to components or projects based on models developed and promulgated by him. It shall also be used only with respect to programs which (A) involve activities which can be incorporated into or be closely coordinated with community action programs.

It goes on to say, in section (c):

We reiterate that they must be programs that assist projects in community action programs.

So, the intended purpose of those two sections of the law, the one permitting you the delegation and retrieval of your power and the other specifically setting Head Start forth as one that only under certain circumstances you can move outside of community action, was to give them special impact and to make it clear that the preferential agency for administering Head Start would always be community action programs, that only when you found that there was not a community action agency in existence or with the capability could you go outside of it.

I submit to you that in every contract that has been signed by you, or any of your predecessors, with delegate agencies to delegate away your powers and duties, I might emphasize the word "duty" toward these programs as the Director, there is carried a series of conditions under which that delegate agency would lose its right to continue exercising any or all of your powers if they do not do exactly what you demand that they do.

So, if it has not come to your attention before, Head Start is not under HEW.

HEW is helping you administer Head Start.

Head Start is under you, and you have the statutory duty to work through these community action agencies unless there is no alternative to that course of action.

Do I understand the statute in its intent the same way as you?

Mr. PHILLIPS I don't believe so, sir.

Mr. FORD. You stand on your position that you have nothing to do with Head Start?

Mr. PHILLIPS. We have delegated our control of these programs. You know one of the weaknesses of OEO—

Mr. FORD. You said you want to be precise.

You don't want the record to say you delegated your control.

You don't have the statutory authority to delegate the control. You have the authority to delegate the performance of functions to other agencies, but you don't have the authority to transfer Head Start to HEW.

It has not been transferred to HEW. Certain powers the Director has by statute have been delegated to HEW to perform.

Mr. PHILLIPS. I am advised by counsel that we are in a position of being able to make delegations which are essentially one way where there is no continuing responsibility on our part.

There has been a technical reservation of authority in regard to the programs that were delegated over the past few years. One of the problems is that we have not been effective in coordinating those programs or other programs.

Mr. FORD. Are you talking about the agreement you entered into with HEW for delegation of the Head Start program?

Mr. PHILLIPS. We are bound by a one-party instrument.

Mr. FORD. Would you submit the one-party instruments that are presently in existence that govern the area for which HEW functions to carry out your duties?

Mr. PHILLIPS. We would be happy to.

Mrs. CHISHOLM. I would like to ask Mr. Phillips one question.

It has come to my attention that practically every day you have a 6 p.m. meeting where you meet Department heads and different persons in order to plan some kind of strategy for the OEO program.

However, there are no blacks included in these meetings. I think it is very important to have some kind of black input in view of the fact that the OEO program will be having a fantastic effect on the lives of thousands of black people in this country.

Perhaps there is a good reason why you do not have these persons at your meeting.

I would like the record to state that.

Mr. PHILLIPS. Of course, I have a lot of meetings in the course of a week and in the course of a day. I try not to make admission to these meetings be based on a person's racial or ethnic or religious background.

If one will look at my record at the Office of Economic Opportunity, one will discover that when I was in the Office of Program Review, heading that Office, we had, I believe, what was the highest proportion of minority representation in the agency in terms of people in senior level positions.

I have spent part of my life in black communities. We have, for the first time, had heading our operational activities in the regions Charles McMillan who is black. But our choices have not been made on a racial basis.

Mrs. CHISHOLM. That is not exactly answering the question.

Since you are moving in the direction of dismembering the OEO program, it is known that you have strategy meetings, that you have

meetings in order to determine the direction in which this program is going, and that blacks are not at these meetings.

Mr. PHILLIPS. Mrs. Chisholm, the direction in which this program was going was set in the President's fiscal 1974 budget recommendations.

You, or anyone else of your choosing, would be more than welcome to come and visit with me at any time.

Mrs. CHISHOLM. It is not a question of visiting with you. I have gotten this report from blacks who work down there.

I am not speaking in a vacuum. The fact of the matter is that you have these meetings to plan strategy, regardless of what your strategy is. There is no black input.

I think the workers there do have a concern and naturally, you understand, would have a concern to have some kind of input since this is a program that desperately affects the lives of their own people.

I think the record should show that recently there were some 35 or 40 persons hired, and that a question exists as to whether or not you have a real concern about the attitudes or the feelings of blacks with respect to this program, since you are moving so swiftly in the direction of obliterating the program.

Mr. PHILLIPS. It would be self-serving of me to answer that in a fully responsive way.

I should point out that the people we have brought on in almost every instance have been brought on in temporary positions because we have a situation where the budget recommendations as implemented will result in a reduction of personnel currently employed by OEO.

I think it would be unfair to put people in permanent positions who would not have any guarantee of employment after June 30 of this year unless they came in as volunteers on a short-term basis.

Mrs. CHISHOLM. No further questions.

Mr. HAWKINS. Mr. Clay?

Mr. CLAY. Mr. Chairman, I have one question and some brief remarks.

In response to a question this morning from Congressman Steiger you read your legislative responsibility or obligation as determining whether the program was effective and whether or not this program should be continued to be funded. The funding for the Harvard Center for Law and Education expires tomorrow. What decision have you made with regard to that?

Mr. PHILLIPS. I have not made any decision with regard to it. I am awaiting the recommendation of Mr. McCarty, the Director of our Office of Legal Services.

Mr. CLAY. What happens to the center tomorrow if there is no funding?

Mr. PHILLIPS. I guess it is tomorrow if it is the 28th. I thought it was extended for 30 days from the last month. Whenever it comes up we will make a recommendation. When the freeze is over, if it is still within the freeze, we will extend it for a 30-day period unless there is a decision not to fund. If it came up after the freeze were over we would go up or down on a full term basis.

Mr. CLAY. That is typical of the responses we have been getting all day. I would like to say that in response to questions from members of this committee expressing our concern for the potential danger that exists in this Nation and to this Nation in view of the summer

that is coming on you have stated very optimistically that you don't think there is any possibility of danger in our country. You have stated poor people will not take to the streets because they are law-abiding citizens and apparently they are not going to violate any laws in order to protest their anguish with Government policy.

I would like to say that yesterday 18 bishops from the AME Church who represent some 2 million people in this country journeyed here to Washington to express doubt about the policies that you particularly are now enacting, that they feel to be detrimental and adverse to the constituents that they represent.

Members of the Congressional Black Caucus and members of the congressional districts representing other poor people in this country have expressed grave doubt and concern about the possibility of violence this summer. We base our contention on the intimacy of our relationship to poor people and on the great knowledge about their attitudes.

I don't know what you are basing yours on. I would like to say for the record that I saw a movie the night before last which was a replay of an actual fact of life that took place in Los Angeles, Calif.'s memorial stadium last summer. It was a jazz festival or rock and roll festival with 108,000 people who showed up to see it. Most of them were poor. Most of them were black. I would like to say to you that if you are basing your optimism on people not violating laws in this country on some archaic notion that there is a great deal of respect for the Star Spangled Banner, I would like to let you know of 108,000 people in that stadium very few stood up when the Star Spangled Banner was played.

Mr. PHILLIPS. That is not something to be proud of. That is a shame.

Mr. CLAY. You will hear me out whether you like to or not.

Further, if you think there is a great deal of respect in this country for the flag you have in your lapel, let me tell you what the poor people think. They know what the stars, stripes, red and white and blue stand for. They also have a deep feeling that their part of the flag is the stick on the end and it is up beside their heads.

Take all the money we put into LEAA where poor people did not participate in deciding how they would spend that money, and those same elected officials you now want to have the poverty program went out and bought tanks, helicopters, machineguns and hand grenades to try to deal with the confrontation that surely will come in summer if you are successful in your plans.

I want you to know that the next confrontation may not be on a mass scale. If you didn't learn anything from the New Orleans incident several weeks ago where one man held that city for 72 hours, paralyzed that city and damn near shot down one of those helicopters bought with LEAA funds, baby, I think this country is lost.

Thank you.

Mr. PHILLIPS. Mr. Congressman, I can only express the most profound kind of concern for the statement that you just made.

Mr. CLAY. I am sorry, I don't have an Ivy League education so I don't understand what you are talking about.

Mr. PHILLIPS. Congressman, I understand what you are talking about and I don't care for it.

Mr. HAWKINS. Mrs. Mink.

Mrs. MINK. Mr. Chairman, in view of the fact that a number of references have been made to the strategy paper, I would like to ask unanimous consent that "Congressional Strategy on OEO" be placed in the record at this point.

Mr. HAWKINS. Without objection it is so ordered.
[The document referred to follows:]

CONGRESSIONAL STRATEGY ON OEO

SUMMARY

Attached is an extended OEO technical staff discussion of Congress and OEO. After acknowledging that OEO is but a part of an overall strategy, the paper deals with four aspects of the problem:

I. The Case

- A. In face of fiscal pressure, Community Action should not continue because of:
1. No demonstrated causal relationship to persons leaving poverty;
 2. Agitation and unrest;
 3. Misuse of funds; and,
 4. Exacerbation, not resolution of racial problems.

The Administration should not underestimate Community Action's strength with local leaders developed over the last four years, and it must stress that it gave notice that vital control would pass to local option. Instead, we can project dramatic reductions in poverty from an income strategy of economic growth, reduced unemployment, and increased Social Security benefits.

- B. Transfer of other OEO activities is consistent with:
1. Government simplification;
 2. Congressional pressure to eliminate duplication;
 3. Intent that OEO run programs only until Line Agencies changed attitudes; and,
 4. Duplication is evidence of change in Agency attitudes.

C. Potential soft spots are:

1. Reintroduction of Legal Services Corporation may be heralded as cynical move to seek deadlock and destruction of the program.
2. Scatteration of R&D contrary to President's August 19, 1969, message.

II. Strategy

A. A constitutional confrontation may be where the Administration is most vulnerable. Opposition can claim clear law and intent for OEO to continue, and President's Budget and appropriations are mere devices for allocating funds.

B. Debate should be steered to the Appropriation Committees, whose interests most closely align with the President's and, unlike their legislative committee counterparts, have few members with strong feelings for OEO.

C. *Fall Accompli.* Except for Legal Services, there is little fight left in OEO's Congressional supporters, but they might coalesce around a "save OEO" issue, either to show the President as "weak on poverty/hunger" or else in response to grass-roots lobbying by CAA's. Thus, unless a focus on OEO is politically desirable, program transfers and shutdowns should be prompt, before the opposition musters strength (or will) to put humpty-dumpty together again. This would also strengthen the case for the Legal Services Corporation which would otherwise be orphaned.

III. Tactics

A. Speed delegation and RIF actions.

B. Delay Labor/HEW bill to force ultimate OEO decision into Continuing Resolution framework.

C. Prepare points of order to block OEO continuance under a Continuing Resolution.

D. Isolate OEO/GSA under a separate Continuing Resolution.

E. Play on penchant of each liberal to protect only the EOA program which interests him.

F. Steer the Corporation toward the Judiciary Committees.

G. Line up active support from districts of key members.

H. Develop adverse reaction to the inevitable counterdemonstrations.

IV. Key People

Attachments 1 and 2 are lists of those who require immediate contact and several others with history of interest in OEO. The first group should be briefed promptly, key Republican spokesmen even before the budget goes up. Three of the Ranking members will likely line up with the Administration—Representatives Quie and Michael and Senator Cotton. Senator Dominick, although not Ranking, may be a likely spokesman with the Senate Labor and Public Welfare Committees. Senior Democrats on the primary committees should also receive courtesy notification immediately afterward.

Next, Chairmen and Ranking members of committees receiving transferred functions should be contacted, notably the Montoya and Steed Appropriation Subcommittees which deal with GSA. Similarly, an advance should be made to Irvin and Hollifield's Government Operations Committees.

Finally, in summary, the issue might hinge on whether the Southern Democrats will be more moved by their fiscal conservatism and dislike for the laws at issue, or by their jealousy for Congressional power and opposition to the other party's President.

ANALYSIS

Congressional strategy on OEO must proceed from Administration congressional strategy on its entire program, budget, and other fiscal proposals. This memo, however, deals only with the OEO problem. Its four parts are:

1. The case to be made to Congress
2. General Strategy
3. Tactics
4. Who should be involved

The Case

The case must recognize the distinction between termination of Community Action and the scatteration of residual OEO activities.

Lack of Community Action Results.—The general case for termination of Community Action has already been announced: the Congress has enacted laws and appropriations that cannot be met by the existing tax structure. Before reviewing the latter, programs which have not, and will not produce desirable results should be eliminated. In general, Community Action has been so measured and found wanting.

The argument against Community Action matches costs of almost \$400 million per year against eight years of failure to demonstrate any causal relationship to persons leaving poverty. The argument would stress, instead, a picture of agitation, destructive unrest, diversion of Federal funds to support partisan political activity, administrative waste, criminal misuse of funds, and a program structure which exacerbated rather than resolved racial problems.

Just as the Administration understands (or should understand) the hyperbole of its criticisms, it should not underestimate the strength of support acquired with local leaders over the last four years. The Administration must expect strong endorsements and case histories from Governors/Mayors/business leaders marshalled by the opposition, which will "prove" the worth and effectiveness of Community Action in this or that community. In rebuttal, the Administration must stress the years of notice and careful preparation of the CAA's for this decision, which shifts their vital decisions from the Federal Government to the States and local communities. Agencies which have impressed their neighbors will likely survive, but at local option on locally-controlled revenue.

The Administration should feature its record of *total* Federal funding for the poor which, even with the demise of Community Action in FY 1974, *continues its significant* rise since coming into office in 1969. Furthermore, it can project *real* results by a dramatically reduced poverty population, owing to its income strategy of economic growth, reduced unemployment, and increased Social Security benefits. Such a measurable impact on poverty is in marked contrast to previous remedial programs whose effects have been discredited. Furthermore, Community Action itself is not a complete wipe-out, because of the potential offset of General and Special Revenue Sharing.

Continuing Activities.—The OEO decision is more than the termination of Community Action. It is not to be argued as doctrinaire or vengeful. By and large OEO programs, other than core Community Action activities, are continued by the new budget, and in many cases with significantly increased funding. Transferring them to other agencies is consistent with:

1. The President's desire to simplify Government.

2. Long-expressed, bi-partisan congressional pressure to eliminate "duplication" between OEO and Departmental activities.

3. The intent of the Economic Opportunity Act that OEO initiate and operate programs only until suitable environments can be created to sustain them in the old-line departments.

4. The growth of duplicating programs in the line departments is conclusive evidence of the latter's developing interest and capability to serve the poor.

There are at least *two potential soft spots in the Administration's case*. The first concerns the credibility of re-introducing a request for a *Legal Services Corporation*.

Rightly or wrongly, there was considerable belief at both ends of the spectrum that the Administration was no longer interested in any form of corporation whose accountability was (in the long run) questionable, even under the format originally proposed by the President. Liberals believed they had surrendered to the President the control he wanted in all but name only, and would even have thrown the latter in if it were found necessary to save the corporation. Conservatives came to doubt that a corporation would improve control over the actions of Legal Service lawyers, once direct Federal oversight was removed. Re-introduction of a corporation now would need to rebut charges that it was a cynical move to seek another deadlock and destroy Legal Services when the present OEO slips into oblivion.

The other problem involves the *decision not to maintain a residual OEO*, contrary to the mission statement in President Nixon's message of August 1969. The latter stressed restoring the original, praiseworthy intent of the Economic Opportunity Act that operating programs be a temporary expedient for OEO, whose more important purpose was as "the cutting edge" of research and development into the social problems of our society that have special importance to the poor. The Administration and its congressional supporters have advertised its success in emphasizing and refocusing on the R&D role. It is true that the now-expanded OEO developmental activities will continue in several other departmental budgets, but much has been made of the competence of the staff recruited by OEO, the strength gained by inter-disciplinary and inter-program assignment, and the relative freedom from doctrine and client pressures found in the line departments.

Strategy

There appear to be three basic elements to a successful congressional strategy:

(1) Avoid confrontation between the constitutional powers of the President and the Congress.

(2) Argue the issues through the appropriation process. Avoid formal involvement of the committees with legislative jurisdiction: Education and Labor in the House and Labor and Public Welfare in the Senate.

(3) Present the Congress with a *fait accompli* before critics of the Administration can organize effective countermoves.

Institutional Confrontation.—The opposition can claim that there is clear law and intent that there be an OEO and a Community Action program. The President's budget and the congressional appropriations are only meant to be devices for determining how much money may be allocated to them in a given year. Failure to provide funds and continue programs established by law may be viewed as usurpation of a constitutional prerogative of the Congress. If the lines come to be so drawn, even many who have no particular affection for OEO might oppose the President.

The Appropriation and Legislative Committees.—In power terms, the interests of the appropriation committees most closely coincide with the President's in this instance. That is, it is not a large leap from their traditional desire to determine how much of the spend-thrift legislative committees' fund authorizations to endorse, to asserting a right to decide to breathe any life into them at all. The existence of an acknowledged fiscal crisis provides the same opportunity to them to dispose, as it does the President to propose. Furthermore, unlike their legislative counterparts, ~~the respective appropriation subcommittees have few if any members with strongly-felt associations with either OEO or Community Action.~~ However, there may be an important distinction between withholding funds from newly-enacted legislation, and terminating funding for on-going programs whose extension was legislated and signed into law only a few months earlier.

Fait Accompli.—At this point, there probably is not much fight left in congressional supporters of OEO and Community Action. (Legal Services is probably

another matter.) That does not mean that the liberals may not subsequently decide to coalesce around the "save OEO" issue, prompted either by a decision to concentrate on the President as "weak-on-poverty/hunger," or else in response to successful grass-roots organization by the Community Action Agencies. Thus, unless the Administration decides that such a confrontation would be a desirable trap for ensnaring the opposition, everything would point to completing the disagreeable business as soon as possible. That probably means *prompt transfer of all surviving programs to new agencies, and then completing arrangements for the GSA receivership by the end of this fiscal year*. Under such a timetable it is unlikely that the opposition could muster enough strength (or will) to put humpty-dumpty together again. A swift and successful dismemberment of the rest of OEO would also strengthen the Administration's hand in pressing for its Legal Services Corporation. Disappearance of its present home would reinforce the Hobson's choice between the President's corporation and oblivion. The more delay, the more opportunity for Congressional opposition to gather and develop a legislative counter-strategy. Unless there is stronger-than-expected grassroots opposition (or the Administration blunders), it is quite possible that the OEO/CAA actions could go through with little more than rhetorical opposition, while the Congress concentrates its fire on Local Services.

Tactics

To support the strategy described above, several tactical maneuvers suggest themselves:

(1) *Speed the delegations*, the FY 1973 RIF of some Community Action personnel, and the administrative arrangements with GSA.

(2) *Delay the formal appropriation process for the Labor-HEW bill* (which would normally include OEO) long enough to force the ultimate decision into the Continuing Resolution framework late in June.

(3) *Review House and Senate rules for points of order* to block any attempts to continue OEO and Community Action under a Continuing Resolution.

(4) *Isolate GSA/OEO in a separate Continuing Resolution.*

(5) *Play on the liberals' penchant for each to protect only the pieces of the EOA that interest him.*

(6) *Steer the Legal Services Corporation toward the Judiciary committees.*

(7) *Line up (as possible) mayors and governors, etc. from the homes of key leadership and EOA-involved Congressmen to volunteer early support for the Administration.*

(8) *Develop adverse public and congressional reaction to the scattered, angry demonstrations that are virtually inevitable when these decisions are announced.*

Much of the above is self-explanatory and requires little discussion. To the extent that Congress moves ahead promptly with a Labor-HEW appropriation that would continue OEO in FY 1974, the Administration might be hard put to justify its dismemberment. It is true that the President could veto such a bill, but the presence of the other agencies' appropriations might overshadow the OEO issue—to the degree where he might not wish to veto an otherwise acceptable bill, or where Congress might (for extraneous reasons) be able to override. If the arena were shifted to the Continuing Resolution(s), the Administration might win out by a simple parliamentary maneuver requiring only a few (or even one) cooperating Congressman or Senator.

Steering the Legal Services Corporation into the Judiciary Committees has the obvious advantage of providing a more conservative reception, one likely to be more sympathetic to the Administration's point of view. It should be easier to bring it off this time because (1) the Administration wants it, and (2) there is no EOA legislation pending to which it can be attached.

Possibly *the least predictable variable is the back-home reaction*, which will probably focus on the demise of Community Action. It is hard to call because of uncertainty about the response to the effort to "turn Community Action around." Ironically, to the extent Administration policy has been successful over the last four years, its present purposes may be thwarted by the vigorous support mayors, governors, and the local pillars of society may give to the rescue of the Community Action Agencies on whose boards they have been serving. After all, to them Community Action money may be better than no money at all.

Key People

Here the watchword should be to *avoid slighting anybody unnecessarily*. The Representatives and Senators who respond significantly to the Administration's

OEO initiatives will range from a small group with a deep-felt commitment to the agency; to a considerably larger group with a political alignment with the agency, but little real personal feeling about it; to a small, but influential group whose jurisdictional turf will become involved; and finally to a hopefully sizeable number who will be inclined to endorse its dismemberment. Failure to recognize the interest or prerogatives of any of the members will tend only to augment the size and vehemence of the opposition.

Attached are two lists. The first identifies key Representatives and Senators who would expect first-hand, immediate contact from the Administration on significant matters affecting OEO. It briefly discusses the nature of each member's interest and his attitude toward the agency and its programs. Consideration should be given to offering a courtesy briefing to this first group as promptly as possible, particularly the Chairmen and Ranking members of both the legislative and appropriation subcommittees with jurisdiction over OEO. (The second list contains names of other members with some history of interest in OEO.) It might even be well to notify key Republican spokesmen in the Congress before the budget goes up. Given an appropriate opportunity to discuss the proposals, it is likely that three of the ranking members would happily line up with the Administration—Representatives Quile and Michel and Senator Cotton. It is not yet clear who will be ranking minority member of the Senate Employment, Manpower, and Poverty Subcommittee. In the last session the minority ranking was Senators Taft, Javits, Schweiker, Dominick, and Beall. Of these, it is not until Senator Dominick is reached that there is reasonably certain support for the Administration's action.

Soon after opening discussion with the OEO committee members, full discussions should be initiated with the other committees. These would include all with jurisdiction over agencies which will inherit OEO programs scheduled for transfer. Not to be missed are *Senator Montoya's and Representative Steed's Appropriations Subcommittees on Treasury, Postal Service, and General Government, which will be crucial to an orderly phase-out of Community Action because of their jurisdiction over the GSA appropriation.* Similarly, although Government Reorganization Act legislative authority will not be invoked, Senator Ervin and Representative Hollifield's Government Operations' jurisdictions should be acknowledged. The former, with his strong constitutional preoccupation and prestige, will be particularly important. Senator Ribicoff is chairman and Senator Javits ranking member on the Subcommittee on Executive Reorganization and Government Research which could provide them with a hostile platform. It might be wise to offer a courtesy consultation with all chairmen and ranking members whose jurisdictions might be involved, even those who might be inclined to line up against the President.

If the ultimate weapon of the President is to be his veto power, he should be able to achieve his purposes because of the present congressional attitude toward OEO. The main danger could develop if the issue shifts to a question of whether the President may pick and choose which laws passed by the Congress and signed by him will be implemented, and which will not. Key to such an issue may well be the Southern Democrats. On the one hand they have an historic fiscal conservatism and a dislike for the laws at issue, and on the other a jealousy of congressional powers and opposition to the other party's President. The coming battle of the budget may ultimately come down to whether the President can prevail on the first of the Southern Democrats' predilections, or the liberals on the second.

KEY MEMBERS OF CONGRESS REQUIRING IMMEDIATE CONTACT CONCERNING OEO PROPOSALS

SENATE

Dominick

Potentially helpful but must be handled with candor and dignity. Not sympathetic to the existing OEO, but somewhat at odds with the Administration over what he views as slights and impositions which occurred last year. Because he is the sole conservative element on the Labor and Public Welfare Committee at the present time, he must be approached first.

Cranston, Javits, Nelson, Mondale, and Taft

Derive from same general liberal tradition and most associated with early legislation and creation of agency. Can be expected to be highly vocal, threatening, and derogatory. However, the depth of expressed concerns can be questioned because primary interests lie elsewhere now.

Magnuson

Should be advised, as a courtesy. Not thoroughly acquainted with programs and concerned about duplication of HEW and Labor activities. Major interests in Commerce Committee.

Cotton

Courtesy advise only.

HOUSE

Quie

Generally unfavorable to current OEO and many programs. Believes that CAPs should be run by local elected officials; that operational funds should be channeled through state governors; and that regional directors are unaccountable. Can be depended on to vigorously take the lead in supporting Administration proposals; may already have general idea of them.

Michel

Ranking Republican on Appropriations Subcommittee. Solid Administration backer; knowledgeable of the agency but not supportive of underlying philosophy; well respected by other members. Should be briefed shortly after Quie.

Perkins

Prime EOA interests are Headstart and rural housing; intense constituent interests rather than national focus. Harmonious relationship with Quie.

Flood

Main congressional interest line in areas national defense. More interested in OEO dollars in district rather than specific programs; harbors persistent concern that OEO duplicates functions already funded through Labor and HEW. Position requires that he be briefed early. Not likely to participate in an anti-Administration movement.

MEMBERS OF CONGRESS WITH SOME HISTORY OF INTEREST IN OEO

SENATE

Allen, Brock, Griffin, Buckley, Fannin, Gurney, Hruska, and Tower

All supported and participated in efforts to head off Legal Services Corporation last spring. Because of natural antipathy to OEO coalition can be formed again with Brock and/or Hruska in lead.

Brooke and Case

Members of Appropriations Subcommittee; classic Senate liberals.

Hollings

Also member of Appropriations Subcommittee; deep interest in feeding programs and in Comprehensive Health Services.

Humphrey and Kennedy

National figures having long term associations with OEO; will be sought out particularly by interest groups. Although Kennedy is on Labor and Public Welfare Committee, interests focus more on health than on poverty.

Percy and Ribicoff

Key figures on Government Operations Committee. Both are deeply concerned about congressional powers and prerogatives. Neither strongly interested in or associated with OEO programs except as they relate to the reorganization proposals. However, Percy has substantial low-income constituency, and Ribicoff is key to welfare reform efforts; opposes categorical approach; favors income program.

HOUSE

Crane, Devine, Derwinski, Gross, Scherle, and Waggoner

Opposed to existing OEO. Influential with conservatives of both parties.

Oederberg, Ford, G., Green, and Rhodes

Effective second level response will depend on Quie initiatives, but these Members have enough inclination, information, and influence to substantively support Administration objectives.

Badillo, Brademas, Conte, Chisholm, Dellenback, Erlendorn, Ford, W., Hawkins, Meeds, and Steiger

Individual constituencies and interest group alignments will generate substantial vocal response to any downgrading of agency and programs. Ford and Hawkins could force hearings.

Mrs. MINK. I would also want to put an inquiry to Mr. Phillips and request that he submit the answers in writing to the committee. The inquiry refers to the suspension of funding for American-Indian schools in Minneapolis, Milwaukee, and St. Paul. The question is: What is the legal basis for this cutoff of funds? Has a public hearing been held on this suspension, and if not, why not?

Mr. PHILLIPS. I will have to check into the legal answers. I believe those are the schools that are tied in with the people who ran the BIA disturbance.

Mrs. MINK. That point is at issue and the people involved in this project have not been heard. I would like to request that my question be answered by written response to this committee.

Mr. PHILLIPS. We will submit a response to your question.

Mrs. MINK. My second question, Mr. Chairman, is with respect to the senior opportunities program which I understand is to be transferred to the Administration on Aging. No specific clarification is made in the Budget Message with respect to the senior opportunities program. I would like to ask Mr. Phillips if he would provide this subcommittee with the specifics on how this program is to be transferred over and under what kind of mechanism and operational plan.

Mr. PHILLIPS. We will be providing 12 months' funding for our senior opportunities and services programs which will be a sufficient time to allow the Administration on Aging with the additional funding that has been provided to continue those programs.

Mrs. MINK. My last question, Mr. Chairman, has to do with, again, several questions that have been asked with respect to the compliance by you, Mr. Phillips, of sections 601 and 602 with respect to the administration and coordination of the functions of the Office of Economic Opportunity. I do not recall a specific answer to these questions. I would like to know specifically if you can answer why the President did not submit a reorganization plan to the Congress with respect to the wide variety of changes which you have described at this hearing today when both 601 and 602 specifically demand that the President comply with the Reorganization Act; please provide the subcommittee by written response why one has not been submitted so we can properly reevaluate the effect of your changes.

Mr. PHILLIPS. Its provisions did not apply to the actions we have taken. The Reorganization Act is not the exclusive mechanism by which a receiving agency can legally carry out the activities of another agency. In my written response to an earlier question of this committee, we will submit a detailed legal answer provided by our Office of General Counsel.

Mrs. MINK. Thank you.

Mr. HAWKINS. Mr. Phillips, I have only one question, and that refers to the various programs we have discussed with you today, the more specific ones related to the Harvard Center on Law and Education. And I think I also tried to get a little clearer idea of what is happening to the Watts Health Center. I think those are two examples.

You did not give a clearcut answer on either one. It seems to me that the procedure is such that if in truth you intend to continue such

programs, that the manner in which the decision is being built up results in disintegration of the program without even terminating it.

If tomorrow, for example, the Harvard Center is not aware of whether it is going to be continued, then obviously something is happening today. It seems to me that a clearer procedure should be followed by the Office of Economic Opportunity. I recommend that that procedure be spelled out in a much clearer fashion so that if in truth you are going to continue programs, as you say, then it seems to me that they should not be held in suspense the way you are doing it.

Mr. PHILLIPS. That is a fair comment, sir, but I really believe that if we had been more effective in communicating the fact of our actions it would be clear that any of the grants that expired or came up for expiration during that 30-day period could rely on the word of the Government for a 30-day extension.

In regard to Watts—

Mr. HAWKINS. I understand Mr. McCarty is here.

Mr. PHILLIPS. It is our intention with regard to Watts that that will be continued. We have had some concerns about a number of grantees but I would hesitate to be specific in dealing with any of them until we have made a final decision. It might prejudice that decision.

I would say that if we were going to discontinue a particular grant we would probably provide an opportunity for phaseout funding.

Mr. HAWKINS. I don't disagree with you. I think you should give fair notice. I am not talking about that. I am not talking about termination of the program but the indecision, the funding of it and giving some assurance. You keep it in suspense so long—it disintegrates, obviously.

Mr. PHILLIPS. All we have had is 30 days, and there were 30 days extensions. Now on March 1, as we promised in January, we are going to be going to a full funding cycle period and that kind of uncertainty would be resolved.

Mr. HAWKINS. Mr. McCarty is here. Would it be asking too much if we were to ask him whether or not the Harvard Center for Law and Education is to be continued as his recommendation?

Mr. PHILLIPS. I would prefer not to have a staff discussion essentially until a decision is resolved.

Mr. HAWKINS. When can we expect a decision?

Mr. PHILLIPS. If the funding date is tomorrow I hope we would have a decision tomorrow.

Mr. HAWKINS. I use these two examples, but I hope that by next week we will have clearer in mind the procedure that you are going to follow. I will get a dozen calls tonight. I will spend my evening trying to find out what is happening. Thousands of people in Los Angeles will be doing the same thing and in Boston and all over the country.

Mr. PHILLIPS. In Watts we have already made a decision that it will be continued.

Mr. HAWKINS. We certainly hope so. I think we obviously disagree with you, Mr. Phillips. The committee is not so friendly to some of the suggestions you have made. However, I do appreciate the fact that you did arrange the time and you did patiently sit through the day without any particular break or the opportunity for the usual things in life and that you have been very, very accommodating in answering our questions, although we disagree with you.

Mr. PHILLIPS. I appreciate your courtesy and respect the right of reasonable men to disagree.

Mr. HAWKINS. In March we will be in the field and going from city to city in order to find out what local officials are ready to accept and whether they are ready to accept the responsibility you say is going to be passed on to them. And what the people think about the program. We invite you to have staff available and to accompany us if you care to do so.

With that I say the hearing today is over.

[Whereupon, at 2:40 p.m. the committee was recessed.]

PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

MONDAY, MARCH 19, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EQUAL OPPORTUNITIES OF THE
COMMITTEE ON EDUCATION AND LABOR,
Detroit, Mich.

The subcommittee met at 9:20 a.m., pursuant to call, in the auditorium of the City-County Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Present: Representatives Hawkins and Clay.

Also present: Representatives Diggs and Conyers.

Staff member present: Dr. Martin L. La Vor, minority legislative associate.

Mr. HAWKINS. The Subcommittee on Equal Opportunities of the Committee on Education and Labor of the House of Representatives will now come to order.

May I say first of all that the committee is pleased to be in the city of Detroit. This is one in a series of meetings that we have scheduled throughout the country. The hearings of this subcommittee began in Washington on February 7. We had 2 days of hearings on the Office of Economic Opportunity and the antipoverty programs under the Economic Opportunity Act on February 7 and 8, again on February 27 and 28 in Washington, and also on March 1. This is the sixth in a number of hearings which have been scheduled.

The committee will be in Detroit today and tomorrow, the 19th and 20th; in the city of Boston on the 23d and 24th; in the city of New York on March 26 and 27, in Los Angeles on March 29 and 30.

The purposes of these hearings are threefold:

First, to hear from the people, including obviously your locally elected officials; representatives of business, labor, the general community, and those persons who have been directly served by the anti-poverty programs.

Second, the committee serves as a legislative oversight committee whose functions include the monitoring of programs, whether they have been delegated or are to be delegated or even transferred to local communities.

Third, the committee serves in a sense as a ramrod to attempt to continue and to improve the delivery of the essential services and benefits which have been provided as a means of reducing the incidence of poverty and creating employment and social opportunities for people.

We have dealt in these recent hearings with the charges that have been made by the President, Mr. Nixon, that there is waste in these programs, that spending must be curtailed and that one of his objectives

is to return power to the people. Thus far, to be very candid about it, the committee has not received any documentation of these charges. There has been some inefficiency discovered by the committee. There has been even some waste but there has not been any more of either of these than we have found in any other programs, certainly not nearly as much as might be found in the Department of Defense or in the Justice Department itself or any other Federal agency. The committee obviously is interested both in success and failure and basically seeks to give an opportunity to the people to speak for themselves.

As to the charge of returning power to the people, there seems to be an attempt to do this in the inverse order. For example, the Congress has been ignored completely. The States generally are given more power than the cities. In the cities any attempt to bring the power closer to the people in the community action is obviously being terminated so that it might well be said that the closer the program happens to be to the people the more it faces the threat of being terminated.

The committee is interested in hearing any charges; however, we would hope that they be constructive and that they be documented so that the committee will have the benefit of whatever your views may be. We are primarily concerned with what will happen at the beginning of the next fiscal year commencing on July 1. It will be at that time, unless otherwise stopped, that many programs will be terminated or transferred or lodged with the responsibility of local officials. We are concerned about the war against poverty, which was started in 1964 and written in the Education and Labor Committee of the Congress, whether these programs will be continued or what will happen to these programs.

Just to cite some specific examples, the emergency employment program which was designed to employ 150,000 Americans will be terminated on July 1. The Neighborhood Youth Corps which is designed to provide summer opportunities for youth ordinarily would commence in June or July, and this program is being terminated completely. In other words, across this country 1 million young people will be out of jobs and out of school roaming the streets without any program in many instances.

We would like to know what is to happen to those who have been served by such programs. These are only two examples that I am citing; I am quite sure that 100 more could be cited by you.

We are here this morning, therefore, to hear from the citizens of Detroit, the citizens of Michigan and the other States in this area. It is my understanding that the witnesses will come all the way from Ohio, Minnesota, Wisconsin, Indiana, and other States in this particular area.

We are, however, very fortunate this morning to have as the first witness the mayor of the city of Detroit who as I understand it is serving the last year in his term—a term which began in 1969. He has a distinguished record as an administrator and the head of one of our great cities. We respect his views in Washington because they reflect to a large extent the thinking of local officials across this country who have had a dedication in the particular field in which we are investigating.

I would like to take this opportunity to introduce the most distinguished member of this committee, Congressman William Clay, who

sits to my right, who represents one of the very viable districts in the city of St. Louis who is traveling with us on this committee and a very active member of the committee. Other members will be joining us from time to time.

Also to my left was seated Mr. Bill Beckham who is I think one of your home town sons and who has assumed the directorship of the Subcommittee on Equal Opportunities.

There are also present two of the distinguished representatives in Congress from the Detroit area: the Honorable Charles Diggs who will be one of our witnesses this morning who is seated in the audience, and to my far right, the Honorable John Conyers of Detroit.

John, it is nice to have you.

At this time the first witness will be the Honorable Roman S. Gribbs, mayor of the city of Detroit.

Mr. Mayor, it is a pleasure to welcome you as a witness before this committee.

STATEMENT OF HON. ROMAN S. GRIBBS, MAYOR, CITY OF DETROIT

Mayor GRIBBS. Thank you, Mr. Chairman.

Mr. Chairman, Congressmen Diggs and Conyers, to the first two I say welcome to the city of Detroit and to the others welcome home. We know Congressmen Conyers and Diggs must spend of necessity a great deal of their time in the State in the interest of the city but we are pleased they are both here this morning to listen and to contribute to the problem at hand.

I am sorry, Mr. Chairman, that the weather is a little bit chilly but if you will wait 5 minutes I assure you it will change. That is the kind of weather we have here.

Before I speak to my prepared remarks let me indicate how much I concur, Mr. Chairman, with your preliminary remarks and introductory remarks this morning, particularly when you expressed your concern for the importance and vital necessity of continuing two programs that are so effectively serving the city right now, and that has to do with the public employment program and the Neighborhood Youth Corps program that we have had operating and do have operating at the moment in the city of Detroit.

Just for your information, specifically at this moment in the city of Detroit we have 2,500 employees that are funded by the public employment program and are actively serving in every department of the city of Detroit and providing public services that otherwise would not be provided for lack of resources. Because they are serving us so effectively and because they are cutting into our unemployment rate I have been and continue to urge the extension of this program and do so with every means at hand, be it as the mayor of the city of Detroit or as president of the National League of Cities. This is a very useful bill, one of the best bills, one of the best programs that Congress has passed and we continue to support its extension beyond the terminal date that is shortly approaching us.

In addition to that, Mr. Chairman, I would like to indicate that last summer the NYC program employed almost 18,000 youngsters in the city of Detroit—and these were the underprivileged youngsters—and gave them useful jobs for from 8 to 10 weeks. We respectfully urge

that this program be continued and in fact expanded because of the high—

Mr. HAWKINS. Mr. Mayor, may I interrupt at that point?

Mayor GRIBBS.

Mr. HAWKINS. With respect to the Neighborhood Youth Corps program, are the plans being formulated to go ahead with this? Have you had any assurance from Washington that any funds of any kind would be made available for the program?

Mayor GRIBBS. No assurance, Mr. Chairman. We are planning tentatively to be prepared, God willing, that the funds will be made available. At best at this point all we have is the possibility of some \$250 million being made available nationally at the cost of cutting back funds from the PEP program. As you well know, the continuing resolution that was recently passed by Congress provides for \$1,250 million. OMB officials have informed us at the national level that the \$250 million can be used for an extension of the PEP program, or if we take it away from that effort for the NYC program. Beyond that we have no official—

Mr. HAWKINS. So that you must make the choice whether you want to use it for one or the other purposes?

Mayor GRIBBS. That is what we are told. It is indeed a very unfair choice to say the least because there are needs for both the extension of the PEP program and the NYC program.

Mr. HAWKINS. Thank you.

Mayor GRIBBS. The amount of money is still not clear but the best global figure we have nationally is \$250 million.

I will speak to you gentlemen of the committee this morning about a situation which, if allowed to run its course, will prove to be socially and financially disastrous to this city and to this State. I served the residents of this city during a time when social needs of the many citizens have been most critical while our ability to respond totally to these needs has been painfully limited.

We have experienced over these last 2 years in the city of Detroit a citywide unemployment rate ranging between 8 percent and 12 percent, well above the national average. We have had to curtail municipal services because of a local budget crisis. The city of Detroit in fact has budgeted 25,689 employees and has done so for many years for the citizens. Of this number over 10 percent—that is, 2,715 positions—are vacant for lack of resources and it appears now that we may have to eliminate from this community a program which has provided immeasurable benefits to the poor for the past 8 years, the poverty program.

As chairman of the Mayor's Committee for Human Resources Development (MCHRD), our local Community Action Agency, I am pleased to say that we have been able to deliver a wide range of services, both directly and through delegate agencies, to the poor in this city—services we will not be able to provide if the Federal dollars presently supporting this agency are pulled back as anticipated.

MCHRD serves the central core of the city—an area in which almost half of the poor in Detroit live, an area which is characterized by inferior housing, inadequate services, a very high unemployment rate, poor health of the residents, and limited facilities.

The 1970 census revealed that there are 405,000 people living in the area served by MCHRD and that 109,700 or over 27 percent live in poverty. This compares with a poverty incidence of 10 percent in the rest of the city, and even at that that is 1 out of 10 in the city of a million and a half people, the fifth largest in the country.

A similar disparity is found in terms of income. The median 1969 income in this area is 25 percent below the balance of the city of Detroit.

Thus, the need to provide services to the poor continues, not just for the sake of the recipients of the services but for the general health and welfare of the entire city.

Incidentally, Mr. Chairman, we have a map here outlining the four target areas within the core city of the city of Detroit that are served by our MCHRD program.

Let me share with you some of the accomplishments of the agency since its inception and during my 3 years as the chairman of its policy-making body.

MCHRD operates six manpower programs:

1. The senior aide program—A work experience program for senior citizens who work in a variety of employment situations, public and private non-profit organizations as homemaker aides, clerical workers and hospital workers. At the moment 60 senior aides are enrolled in the program.

2. The model neighborhood training program—A uniquely flexible vocational training program which provides individualized training plans suited to the interest, aptitude and capability of each trainee. A trainee may be placed in any private or public vocational training school in the Detroit area.

3. The recreation support program—A summer recreation program for disadvantaged youth between the ages of 8 and 13. The main thrust is to expand and improve existing programs of recreation, work and youth involvement.

4. Neighborhood Youth Corps (full year out of school)—Training work experience and remedial education for 16- and 17-year-old high school dropouts. They are required to be involved in some kind of educational endeavor while enrolled in the program.

5. Summer Neighborhood Youth Corps—More than 10,000 youngsters worked for parks and recreation, public works and other city departments doing clerical, maintenance and other jobs which would not have been accomplished without this program. The resulting financial assistance aided them and their families. Another 8,000 young people were hired by the board of education, making a total of some 18,000 last summer.

6. Concentrated employment program (CEP)—This constitutes the major thrust of MCHRD's funded manpower efforts. During the 1972 program year almost 5,000 disadvantaged individuals (nearly double the anticipated number) were enrolled into CEP. We placed approximately 2,500 in gainful employment.

The average annual income of enrollees at the time of enrollment, Mr. Chairman, was \$887.

At the time of completion of the job entry period, average annual income increased to almost \$6,000.

The CEP street academy was begun in July 1972 operating training programs in rent free buildings and providing remedial education and prevocational training to participants.

The distinctive feature of MCHRD's manpower programs has been supportive services—medical and dental care, day care, counseling and legal advice—which are available to the participants.

Participants are referred to this program through our outreach program in the target areas. Intake is provided at each of our four community development centers.

The manpower program has not only provided direct services to participants but has also developed and mobilized active involvement of business, labor and public leadership in the planning and implementation of programs.

For the 3 program years (1970-1972) a total of 34,690 MCHRD area residents were provided employment assistance. About half of these were enrolled in CEP and half in other programs.

Seventy-six hundred people were placed in permanent jobs and were still employed after 30 to 60 days. An additional 4,000 residents were placed in jobs through supplemental programs. One-third of those enrolled were assisted in getting employment.

In addition CEP provided substantial services through its program components:

- Orientation was provide to 4,216 enrollees.

- Training and work experience components served 2,743 persons.

- Vocational skills training—1,208 enrollees.

Mr. Chairman, the unit cost per job completion was \$1,764, the lowest in the Nation. Under the Labor Department rating scale the MCHRD-CEP was the No. 1 program in the Nation for the past 3 years and yet today this program is in jeopardy.

MCHRD operates a youth development program for those between the ages of 14 and 25. The principal emphasis of the program is not employment but as a result of its activities, especially a job fair held in November 1971, 40 young people were placed in jobs at Ford Motor Co.

The average wage is \$4.50 per hour. On a yearly basis these 40 people will earn an aggregate of \$374,400. The total costs involved in placing these people was about \$13,400. This is significant in light of the unemployment of 34.1 percent for youth generally and 47.1 percent for black youth. This program, Mr. Chairman, is funded from the OEO main grant which is in jeopardy.

Job placements, other than those made through the manpower unit, are part of the function of the community development centers and the neighborhood service centers. It is estimated that approximately 14,379 other people have been placed in jobs through the MCHRD centers alone over the past 8 years. Our centers, Mr. Chairman, are funded through the OEO main grant and are in jeopardy.

Before 1965 and the opening of MCHRD's first medical clinic the only health resource available to Detroit's poor was the grossly overcrowded and understaffed Detroit General Hospital.

In the first year of operation MCHRD clinics handled 50,000 visits by about 25,000 persons. About 100,000 services in the forms of laboratory tests, prescriptions, examinations, immunizations and X-rays were provided.

At present these MCHRD clinics serve 30,000 people who make 60,000 visits a year and receive 200,000 services. The total population served is around 100,000 people and it is this population, Mr. Chairman, that will be left without medical care if the clinics are closed.

Dental services for the poor are provided by MCHRD through its two small dental clinics. The funds available under this account are only a fraction of those needed to deal with the problems in the core city. Therefore, priority is given to emergency treatment.

During the past year 6,000 patients received 40,000 dental services including examinations, extractions and X-rays.

An important aspect of MCHRD's medical and dental programs is the correction or amelioration of medical and physical conditions that prevent the individual from being considered for employment. In 1967 MCHRD organized an inquiry into the medical aspects of employment. The medical officers of the three major automobile companies confirmed that among the 10 percent of the applicants rejected for employment for medical reasons the two most common defects were high blood pressure and poor eyesight. Since that time MCHRD has been actively engaged in treating these and other conditions which cause the unemployed to be rejected by industry.

Our medical-dental program operates in our community development centers in three of four target areas. It is funded through our OEO main grant and is in jeopardy.

Two special health problem areas are dealt with by MCHRD: alcoholism and drug abuse. MCHRD's drug abuse program began in 1970 and now offers methadone treatment to 900 addicts out of an estimated 30,000 addict population in Detroit. The program has an immediate effect in two areas: crime and unemployment. Studies show that there is a marked reduction in crimes committed by addicts once the physical craving for heroin is filled by daily doses of methadone.

Once an addict becomes stabilized and shows a positive attitude, attempts are made to find him employment in order to allow the addict to become self-sufficient. Some comparisons of earnings to cost, Mr. Chairman, I submit are revealing. During 1972 a total of 86 of the clients who had graduated from our drug program have been placed in jobs earning an average of \$7,176 annually. These 86 people then had total earnings of \$617,138 for the year.

The cost of the program, including pharmacy and laboratory services, is about \$2,300 per client per year or \$197,800. Thus earnings exceeded costs by \$419,336. Additionally, since most of the clients were receiving some form of assistance when they entered the program their removal from the welfare rolls represents an added savings to the taxpayer.

Assuming welfare payments ranging from a low of \$121 per month for a single person to \$220 per month for a family with 3 children, the annual cost of welfare for these 86 people would have been between \$125,000 to \$227,000.

Finally, Mr. Chairman, if each of the 86 clients had a \$30 a day habit, the illegal drug market is reduced by almost \$1 million annually and a tremendous amount of criminal activity has been avoided. Addicts need not complete the course of treatment before they are considered employable. Last year employment was obtained for 251 clients and an additional 94 were placed in training programs. Assuming the

same average wages and program cost, it took \$577,300 last year to treat 251 persons who were placed in jobs but these same persons generated \$1.8 million in earnings.

The alcoholic rehabilitation program operates in areas I and IV and combines traditional Alcoholics Anonymous counseling with other supportive services. During the past year 198 AA meetings, attended by 4,080 persons, were held at MCHRD facilities. Funds for this program are not in jeopardy but the base, which provides, among other things, community support, is in jeopardy.

The child development division of MCHRD is responsible for the following programs:

Head Start, delegated to the Detroit public schools and Catholic Social Services in which 1,440 children 3 to 5 years old are served annually. This program, as you know, Mr. Chairman, is now under HEW.

Parent-Child Center, delegated to the Detroit public schools, serves 117 children 3 years of age and younger. This program is now under HEW.

Project CHILD, which stands for community help in life development, operated by a nonprofit corporation provides day care for 40 children ages 3 to 5 and serves 100 "latch key" children aged 5 through 15. That program is in jeopardy.

Some information about Project CHILD is indicative of its effect on the city's economic situation. In 1972, 62 mothers of children enrolled were receiving ADC payments. Of these:

Six began working part time,

Twenty-one began training of one kind or another, and

Fifteen were able to assume full-time work.

ADC payments, based on payments of \$180 per month for a mother and 3 children, would have been at least \$32,400 annually for these 15 women. If we assume average wages of only, say, \$80 per week, these women now earn \$62,400 annually—almost twice what they previously cost the taxpayers. The project CHILD program, Mr. Chairman, is in jeopardy. It is funded through the OEO main grant.

Let me speak for a moment about the community development centers. The feature that differentiates MCHRD from all the other agencies within the city is the operation of multiservice centers. MCHRD's four community development centers and their respective neighborhood service centers are located in each of the target areas and represent really the heart of its operations.

These centers provide a wide spectrum of services to individuals and families all in one location.

Medical and dental examinations and treatment;

Legal and financing counseling;

Employment preparation and placement;

Home management services;

Housing and utilities assistance;

Drug abuse program;

Alcoholic rehabilitation program;

Cultural, educational, and recreational programs for all ages.

The centers also provide a place in which neighborhood-based activities can take place. If the service is not available in the center, then the client is referred to the appropriate social agency.

Classes and programs for all ages are also offered by the centers. There are "wee schools" for the very young, libraries for all ages, and in fact a variety of adult education programs.

The centers also provide a program in housing default counseling developed, Mr. Chairman, at the request of HUD and funded this past summer. The contract calls for the provision of counseling to 625 mortgagors at an average cost of \$210 per family over a period of 26 months, ending on August 31, 1974.

In the first 5 months of operation, of 355 clients referred by HUD 239 have been contacted and accepted counseling. In this same 5-month period, 143 mortgagors have resolved their problems, Mr. Chairman, mostly through reinstatement of the mortgage. If the average amount of mortgage is \$15,000, the savings realized is over \$2.1 million and it cost only \$36,117.

The centers are in jeopardy. They are funded through the OEO main grant.

The Small Business Development Center was funded by OEO from September 1965 to November 1968 at which time OEO funding was no longer available for this purpose. The program has continued operation, with a reduced staff, through the MCHRD budget because we thought it was a very useful program. Let me explain why.

Since SBDC began functioning, over 4,500 people have enrolled in courses in small business management and over 1,800 people have received certificates for satisfactory completion of course work. The instructors of these courses come primarily from the business community. All have at least a bachelor's degree and most have advanced degrees. They are paid at the rate of \$15 per hour per course taught. Class sizes range from 10 to 48.

The average costs of training are \$93 per enrollee and \$140 per student completing a course. For the academic year 1971-72, 466 students attended classes and workshops and 309 students completed the course work.

We have also made a significant contribution to the promotion, Mr. Chairman, of minority business. Since 1971, 63 businesses have been newly established, expanded, or transferred to minority ownership. These businesses have an estimated net worth of \$2.3 million. Their total annual payroll runs about \$2.6 million for a total of 407 employees, about 65 percent of whom in 1971 lived in MCHRD poverty areas.

The cost of this work was approximately \$87,000 for 1971 and 1972.

The 11 new businesses established in 1972 alone generated 101 new jobs and a total annual payroll of \$527,500. This program, Mr. Chairman, is in jeopardy. It is funded through the OEO main grant.

The influence of MCHRD on community organization and community self-sufficiency in the city of Detroit has been significant. In the 8 years of its existence the agency, primarily through the centers, has brought citizens, often voiceless in the past, into the democratic process. Granted, there have been periods of awkwardness and difficulty. OEO, in the words of one writer, and I quote, "gave the Nation's poor the idea that they belonged."

This involvement in decisionmaking has certainly occurred in Detroit where many agencies now listen and respond to the concerns of those who are the recipients of the services and programs that they offer. Besides providing a wide spectrum of services to individuals and families, each center functions in fact as a focal point for the mobilization of community resources. Most importantly, it provides a place in which neighborhood-based activities can take place.

About 10,000 meetings of neighborhood and community groups, attended by 210,000 people, have been held in the centers and subcenters

since the program began operating in 1965. The Bagley Neighborhood Service Center in area II is an excellent illustration of how a subcenter operates to work constructively with the community. This center serves a large Spanish-speaking population for whom language is a barrier to obtaining needed services.

With the cooperation of the Detroit Civil Service Commission, the center hired and trained local Spanish-speaking citizens, while at the same time training existing staff in Spanish. All of the services available through the center are publicized in both Spanish and English. As a result, most of the area residents recognize the center as a local multilingual resource and refer friends and relatives.

The Bagley Center serves as a focal point for meetings of many groups concerned with total community improvement. One group, International Gateway, Inc., has kept detailed charts on area crime. Police statistics show that through their cooperation with other neighborhood groups and the police-community relations units crime has been reduced more than 25 percent over a 4-year period in the area.

A large number of businesses have relocated and added branches in this area because of the direct action taken by community groups who were advised by the Bagley Center staff. The expansion and relocation of these businesses is unusual in the inner city of Detroit where insurance rates for businesses are either extremely high or simply unobtainable at any price.

Some streets have been resurfaced; new lighting has been installed; parking patterns have been changed; and a master plan integrating residences and businesses is in process of development. Such growth indicates that older sections of the city can be revitalized and made attractive to commercial enterprises.

The existence of MCHRD's centers with their broad range of services has had a catalytic effect in stimulating the mobilization of resources which have contributed significantly to the delivery of needed services to the poor. A survey was conducted by MCHRD to measure the number or extent of resources that had been generated by its various programs and services. The following is a sampling of the kinds of resources mobilized as a result of these centers:

A lead poison testing project operating in MCHRD's clinics, equipped and paid for by the Detroit Department of Health.

A student loan fund provided by the Dorcas Society of Detroit which makes available money to underprivileged students.

A typing course made possible by the donation of 25 typewriters by the IBM Corp. which has agreed to maintain them for the duration of the course.

HUD funds made available for default and delinquent mortgage counseling in MCHRD's centers.

The purchase of 100 sets of tests for GED courses was provided by the Jewish Community Council.

Television sets for MCHRD's GED courses were provided by Highland Appliance Co.

A tot lot was donated by the Stroh's Brewery Co. to MCHRD's project CHILD.

A mobile food stamp unit and a mobile sickle cell anemia testing unit were provided by the Protestant Community Services.

The State of Michigan Department of Vocational Rehabilitation provides counseling 1 day per week at each of MCHRD's four centers.

Alcoholics Anonymous has provided AA counselors to assist in interviewing of clients for MCHRD's alcoholic rehabilitation program.

MCHRD's federally funded drug abuse program has in fact generated \$650,000 in local funds for staff, methadone, and laboratory testing.

There are also numerous examples, Mr. Chairman, of institutional changes made possible by the MCHRD. Let me cite some of these.

The Detroit Civil Service Commission has revised its rules to permit promotion of employees to professional titles prior to completion of academic requirements where they show proof of academic progress.

The inclusion of poverty area representatives on Detroit civil service oral interview boards is another illustration of an institutional change.

Elimination of the Detroit Civil Service Commission of written test requirements for beginning community service positions. Previously, people with community service expertise had been excluded by a low level of attainment on written examinations alone.

The multipurpose centers with their emphasis on outreach, their acceptance as part of the community and their intimate knowledge of the neighborhood and its residents are particularly effective (1) as central facilities to which people can come for special kinds of services and (2) as vehicles for reaching large numbers of people quickly.

Last, but by no means least significant, let me discuss briefly the staff of MCHRD. This program was the first to offer employment to the residents of the areas of poverty. Over 1,600 people have worked in this agency since 1968 and a total of 883 people have moved on since the program started. Of this total, 228—29 percent—left for better positions; 56—7 percent—left to further their education and 177—23 percent—accepted transfers to regular civil service positions.

Thus, 59 percent of the employees who left the agency did so to take advantage of better opportunities, many of which would not have existed had it not been for the door being opened through their employment with MCHRD. This is significant when we consider that two-thirds of all MCHRD employees are non-professional.

The national administration alleges that the programs operated by OEO have failed. Mr. Chairman, we know of no program—especially one embodying a new and untried concept—operating at any level, either public or private, which has no failures, no inefficiencies and no shortcomings as you have indicated in your introductory remarks. However, simply because one part of a program doesn't work as well as expected, we cannot say that the entire program or the concept on which it is based has failed.

The work of MCHRD and its results, as graphically presented here today, clearly show that the Detroit Community Action Agency has not failed. It has not totally eliminated poverty in Detroit, but it has in fact made significant progress. In addition, it has provided an economic opportunity—a voice for the voiceless, jobs, training, counsel-

ing, and medical help for the poor. Perhaps most important it has said to those that are impoverished that you do count, and we do in fact care.

I keep asking myself what will happen if this program is gutted. What agency, what organization, or what business will pick up the vital services now being rendered? Who will help the poor maintain their confidence in the democratic process and its fairness? Who in fact will provide Detroit citizens with the myriad of services now being provided by MCHRD?

Mr. Chairman, it is absolutely certain and unquestioned that the city of Detroit, with its fiscal problems, cannot replace the funds. The dismantling of the poverty programs should not be allowed. The city of Detroit has used its funding wisely and has served the poor. We urge Congress to continue to meet the needs of our less fortunate citizens.

Mr. Chairman, I thank you for the opportunity to speak with you this morning. [Applause.]

Mr. HAWKINS. Mr. Mayor, we certainly want to express our appreciation for a very well documented and very eloquent presentation before this committee. I am sure that there are many questions we would like to ask you.

First, however, I am in receipt of a copy of a letter which you addressed to the President as the president of the National League of Cities. With your permission I would like to have that entered into the record at this point following the presentation which has just been made.

Mayor GRIBBS. By all means, Mr. Chairman.

Mr. HAWKINS. Without objection, it is so ordered.
[The letter follows:]

MARCH 15, 1973.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: My fellow Mayors and I appreciated the opportunity to meet with you on Tuesday, March 5, to discuss the Fiscal Year 1974 budget and your proposed changes in Federal grant programs affecting cities. As we said then, we have a long-standing commitment to restructure the categorical programs and we therefore agree with and have supported your objectives. We further understand your expressed desire to move from the present categorical system to a restructured delivery system without imposing undue hardship on your partners in the Federal system, the city governments.

You and your staff indicated that the Budget provides an extra billion dollars for the cities during Fiscal Year 1974. The staff of the League of Cities and the Conference of Mayors analyzed your Budget with great care and has developed figures that lead us to a different conclusion, one which is not consistent with what we understood to be your intentions. Nor is it in line with the interpretations of the Office of Management and Budget. Our analysis indicates that nationally there is, and has already been initiated in many instances (for example, manpower, housing, urban development and model cities), a substantial reduction, somewhere in the neighborhood of \$4.1 billion.

It would seem to us that first we ought to at least agree on the numbers without regard to policy. The Budget language of "authority," "outlays" and "appropriations" seems to have utterly confused the situation. We have relied on your Budget appropriation figures in the following table:

SELECTED MAJOR URBAN IMPACT PROGRAMS

TABLE A.—APPROPRIATIONS

[In millions of dollars]

	Fiscal year 1972	Fiscal year 1973	Fiscal year 1974
Community development.....	2,130	2,160	137
Urban renewal.....	1,250	1,450	137
Model Cities.....	150	500	0
Related programs ¹	730	210	0
Publicly assisted housing ²	737	634	350
Manpower.....	2,682	2,798	1,340
Manpower revenue sharing.....	1,682	1,549	1,340
Public employment.....	1,000	1,249	0
Summer Youth.....	275	336	0
Total.....	5,824	5,928	1,827

¹ Water and sewer, open space, neighborhood facilities, rehabilitation loans.² Contract authority utilized.

Note: Difference between 1973 and 1974: -4,101 or 69 percent reduction.

If you take outlays for urban renewal you deal with grant payments that go to retire loans which provided working capital for projects authorized years ago which are well along toward completion. New commitments for urban renewal are made against current appropriations. The problem for cities is that when we plan with neighborhood residents and businessmen and with redevelopment companies, we are moving ahead in anticipation of new commitments that come from appropriations, not from outlays. Our analysis also shows that in order to liquidate old commitments it will be necessary to encumber substantially all of the new appropriations under the proposed Better Communities Act for several years. We do not anticipate reaching Fiscal Year '72 levels until Fiscal Year '77.

If you construct the same table from outlays, the result is a decrease of \$684 million, eleven percent below Fiscal Year '73.

SELECTED MAJOR URBAN IMPACT PROGRAMS

TABLE B.—OUTLAYS

[In millions of dollars]

	Fiscal year (actual)—		
	1972	1973	1974
Community development:			
Urban renewal.....	1,189	1,000	1,050
Model Cities.....	500	583	600
Related programs.....	270	271	256
Total, community development.....	1,959	1,854	1,906
Publicly assisted housing.....	1,120	1,663	2,000
Manpower revenue sharing.....	1,665	1,480	1,263
Emergency Employment Act.....	567	1,100	580
Summer Youth.....	725	336	0
Total.....	5,586	6,433	5,749

Note: Difference between 1973 and 1974: 684 or 11 percent reduction.

Either way, Mr. President, the cities lose.

Another program that was discussed at the meeting on Tuesday was Summer Youth Program—jobs, transportation and recreation support. On Tuesday, March 5, OMB officials assured us that funds for the summer youth transportation program administered by the League of Cities and Conference of Mayors are available. League and Conference staff inquired of officials at the Department of Labor and were told no summer youth transportation money is available. Labor Department officials indicated they had White House confirmation on this question.

The funds discussed for overall summer activities is part of the \$2.25 billion for the Public Employment Program. As you know, the PEP freeze has resulted in an accumulation of dollars and, as we understood the discussions at the meeting last week, OMB would commit those funds to summer NYC programs. The end results would be:

1. A reduction in the initial \$2.25 billion for PEP by whatever amount OMB suggests for youth programs.

2. If a supplemental for summer programs is not passed, a net loss of approximately \$350 million compared with the funds available last summer.

3. Elimination of the Recreation Support and Summer Youth Transportation Programs in that these activities as previously performed would apparently not be permissible with reallocation of PEP funds.

As we have said before, Mr. President, the cities need both the Public Employment Program and Summer Youth Programs to effectively cope with the unemployment problems of the nation's cities.

Our concern at this point is that either there is a misinterpretation of the Budget figures or a lack of understanding as to how these categorical programs actually impact at the local level so that in preparing data for the Budget the gross figures provide what appears to be adequate transition when in fact the impact is quite to the contrary.

Mr. President, in our meeting of March 5, you indicated that the national budget shows that the cities will receive more money than last year in the Fiscal Year 1974 and, in fact, you stated that "the bottom line has in it one billion to hold harmless those cities that might be cut in the transition."

The transition period is the one to which I address myself not in this letter.

It may be that the total funds do, in fact, show a larger amount nationally going to the cities through various delivery systems of the national government, but only if you include such items as payments for Social Security and Veteran's benefit. However, Mr. President, excluding those two programs you will find that the federal aid to the cities in programs and services over which we have administrative control, have been seriously curtailed. I am certain that we cannot continue to deliver services and programs locally for a year, awaiting the grant consolidation concept or, as you call it, special revenue sharing. Our analysis indicates that proposed appropriations for fiscal year 1974 in the areas of community development, housing, manpower and summer programs fall \$4 billion short of the current fiscal year. At cutback levels, these programs will only receive a proposed \$1.8 billion in fiscal year 1974. This analysis does not include other urban impact programs that have also been impounded, stretched out, phased out or terminated, such as water pollution control, community action local initiative funds, and some health programs. Your proposals for fiscal year 1975 do envision continued federal support through grant consolidation—special revenue sharing. Again, however, it is the interim—the transitional period—that is being short-changed for the 12-to 15-month period with which we mayors and municipal officials are immediately concerned.

In view of the above, more recognition and understanding must be given to the plight of the cities and their people.

As a final emphasis, Mr. President, we are determined to make grant consolidation work. But this can only be done if an orderly and properly-funded transition mechanism is established. We welcome an opportunity to continue to work with you to resolve the problems we have identified and I look forward to your response.

Respectfully,

ROMAN S. GRIBBS.

Mayor, City of Detroit, President, National League of Cities.

MR. HAWKINS. May I also interrupt to introduce Dr. Martin LaVor, who is seated to my far right who is a representative of the minority on this committee—the minority in this instance being the Republicans.

Mayor GRIBBS. Welcome, sir.

Mr. HAWKINS. Mr. Mayor, the statement has been made by the President that Community Action programs will be continued at the option of the local officials, in this instance to be the mayor of the city of Detroit, and that it is up to those local officials to decide whether or not to continue these agencies, to fund them. May I therefore ask you what are the capabilities of the city of Detroit of continuing and funding these programs in anticipation of the loss of Federal funds? Your answer would certainly put in proper perspective whether or not the city of Detroit can assume this responsibility after July 1.

Mayor GRIBBS. Mr. Chairman, there is absolutely no question that we cannot assume that responsibility, not because we would not do so if we wanted to but because it is an excellent program and it should be continued. We just do not have the financial resources. I could talk at length about our budgetary problems but let me explain why we do not have the resources.

Last year we faced—I am talking about the fiscal year in which we live now. We were preparing the budget for the current fiscal year. We needed almost \$80 million new revenue for a standstill budget, not to provide new services but essentially a standstill because we were unable to assure and were unable to determine whether or not we could reach that money. A year ago February I had to cut back across the board in the city operations that briefly stated we had to lop 1,500 people off the payroll, 750 by direct layoffs and 750 by attrition. Thus, we had again another cutback in services.

Well, as a result of general revenue sharing, as the result of an improvement in the State revenue-sharing legislation, and as a result of extension of our utilities tax in the city of Detroit we were able to fill that revenue gap. This year—and I am presently in the budget hearings for the city of Detroit, discussion with department heads—we expect that in spite of the fact that we have general revenue sharing we will get about \$41 million this year, but in addition to that we will need somewhere between \$25 and \$30 million new money, new revenue, once again and there is no place that I could see that that will be found this year. If it is not found, we will have to cut back in service again.

What I am saying, Mr. Chairman and gentlemen of the committee, is that the city does not have a dollar to place into these programs from its own resources. We have taxed ourselves in the city of Detroit to our legal limits. We in fact tax ourselves two and a half times higher than the average in the other cities in the State of Michigan. So the citizens are making an effort, they are taxing themselves to the maximum extent possible, and yet we do not have enough funds to provide the ordinary services and we need new revenue. So with those kinds of budgetary problems there is not a dollar, Mr. Chairman, with which the city of Detroit can replace the funds that are going to be cut back as proposed by the President's budget.

Looking at the national budget, Mr. Chairman, we find no replacement funds planned for the Community Action program.

Mr. HAWKINS. Then I suppose the result would be the consequences that you have so well articulated: the consequences of addicts not treated, of children not educated, persons who are capable of employment not being trained for those jobs and possibly going on welfare and the other consequences to which you have referred.

Mayor GRIBBS. Yes. My purpose in detailing the programs ongoing was to indicate what will have to be cut and will be cut if OEO is not funded again.

Mr. HAWKINS. I have not had an opportunity to read the letter which we have just inserted in the record from the National League of Cities but I assume that this does carry some explanation of the actual loss in revenues that cities will sustain.

Mayor GRIBBS. Yes, Mr. Chairman. This letter in fact deals with community development and manpower and summer youth cutbacks as we analyze the Federal budget and it does not even include in the course of this letter the absolute determination of the OEO program but the letter discusses and urges the President to respond to our analysis of the impact upon the cities. Aside from the poverty programs, OEO programs, our conclusion is that there is a \$4.1 billion cutback in funds that the city will receive in the fiscal year 1974. That is looking at it one way.

If you analyze it even another way it amounts to \$684 million, the latter being 11 percent reduction and the former being a 60 percent reduction in funds that the cities nationally will receive. This is the way that we understand the budget. This is the way the staff of the National League of Cities and Conference of Mayors analyzes and reports the impact upon the cities.

It is indeed alarming, to say the least, and we are hopeful that by this communication and other discussions the impact will be felt by the administration and as a result accommodations and adjustments made for the needs during what we call the transition period, as you know better than I, the President proposes grant consolidations, special revenue sharing programs, most of the giving for the fiscal year 1975. We have a 12- to 15-month period where the funds are cut by 60 percent to 11 percent depending upon which program or programs you are talking about.

Mr. HAWKINS. Of course if you are assuming that moneys will be made available for special revenue sharing you are also assuming that the Congress is going to pass a revenue sharing bill.

Mayor GRIBBS. That is correct.

Mr. HAWKINS. May I indicate to you there are grave doubts about this happening because of our experience with general revenue sharing. It has not worked out as we had hoped. Also there is the inference that you don't need as much money, that by making decisions at the local level, you can consolidate or even refuse the programs. The inference there is that the Federal Government is imposing programs on you against your will or against your judgment, that such programs need not be carried on, they are wasteful, and that consequently you can cut out some of the waste by just simply suspending such programs. Do you have in the city of Detroit many such programs that you can just eliminate and thereby save money?

Mayor GRIBBS. No, Mr. Chairman. We are always looking for efficiency and whenever operations are found that are not affected they are terminated but the fact is, and it was the thrust of my prepared remarks that the poverty program in Detroit is doing a job, is useful, is helping the poor and is making maximum use of its dollars and if given any option, which meant funding, we would continue the pro-

gram as is with improvements as we proceed with work experience. It is a good program, Mr. Chairman, and should be continued.

Mr. HAWKINS. Thank you.

Dr. Martin LaVor.

Mr. LaVOR. Just a few short questions.

Have you received any official notice from OEO that the MCHRD program will in fact be terminated?

Mayor GRIBBS. For one thing it is not in the next year's budget and there are no replacement moneys. For another, we have gotten indications directly—Mr. Chairman, for the record this is Mr. Jim Oliver who heads our mayor's committee or resource committees and MCHRD.

Do you want to speak?

Mr. OLIVER. As a direct response there are two memorandums that have come directly from the OEO which instructed us in terms of dismantling the OEO program that have gone to every Community Action Agency. The mayor will pass it on to me for my comments and recommendations.

The second communication which elaborated on the first one came inside of the last 2 weeks dated March sometime so there are specific instructions not saying that MCHRD is going to be dismantled. There are very clearcut definitions of what you should do—property, inventory, staff personnel rights and things of that nature. So there is every indication in written material that they are moving straight ahead to dismantle the office of OEO and Community Action program.

Mr. LaVOR. A followup question to that. Given that memo, have you received any indication that the component projects under the agency will also be terminated?

Mr. OLIVER. The projects that we feel that will be saved and I can list those for you quite quickly, are as follows: The drug abuse program because there are moneys provided in the budget for that; the alcoholic program because there are moneys provided for that; the Head Start program because moneys are provided for that. Now those are the only three programs that we are aware of that have any possibility of continuing.

The parent-child program, a small one, is also funded through HEW. The other programs are operated either through the manpower structure or through the OEO main grant. The OEO main grant is the one that funds our Community Action Agency. No funds are provided for that so the medical-dental programs that the mayor has spoken to so eloquently here will be down the drain. There is some misunderstanding because others have said that HEW or OEO is transferring programs over to HEW in the case of Detroit.

Detroit used local initiative dollars to fund medical programs because they found this was a need. So our medical program, our dental program then becomes in jeopardy as of the end of this fiscal year. The same thing with the manpower programs. There is proposed manpower revenue sharing but there is no bill at this point in time. So the fine concentrated program, the NYC program and others that are operating are in jeopardy if something does not happen after July 1, 1973.

Mr. LaVOR. Has there been any attempt by the regional office or OEO in Washington to reclassify any of your local initiative pro-

grams such as your health programs under another classification or category so that the funding can continue?

Mr. OLIVER. There has not been any attempt to do that. As a matter of fact, I think the regional office has been barely keeping its head above water since they are going out of business on the 1st of April.

Mr. LAVOR. One further question. If the main agency is discontinued and there is separate funding for individual programs, what would that mean in terms of operating programs or what problems would be created by that?

Mr. OLIVER. The main thrust, of course, is that it will mean layoff of a number of staff and also it will mean curtailment of quite a sizable range and array of services. If we were to continue the specialized services that I think have funding for them, it would mean that a smaller segment of the community would be served but that the smaller population of Detroit does not have those kinds of needs, they would be left without the amount of services that have been provided for them over the last 8 years.

Mr. LAVOR. Thank you.

Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. While we are talking on that point with regard to transferring services to other agencies I think we ought to make it clear that one of the basic concepts of OEO was to give people who were going to be serviced a voice in making decisions that affect their lives. Now, Mr. Mayor, when you transfer a health center, for instance, to HEW, what happens to the people participation and decisionmaking?

Mayor GIBBS. There is no structure, Congressman Clay, for the citizen participation in input in the other departments or departmental operations as such because it should be done. Depending upon what moneys are available I would hope to continue this department's operation in some fashion because of its experience and familiarity dealing with the local citizens and taking advantage of their suggestions and involving them and thus enhancing their ability to help themselves. What I would try to do if at all possible is to continue this poverty agency as it is now structured assuming there are funds available to continue it as a department.

I don't know how much they are going to allow for overhead and operations but at best a number of these services that I have discussed and presented to you this morning will have to be eliminated. There would be no funds to continue the centers aside from that specific project such as the health clinics that have been mentioned by myself and Mr. Oliver that would have to be eliminated. There would have to be, of course, some administrative responsibility exercised in whatever programs are continued, but it will be small in comparison to what the department or poverty effort is doing here in the city of Detroit now.

Mr. CLAY. Mayor Gibbs, the administration claims that some 85 percent of the moneys in community action programs are used for administrative overhead and thus does not benefit the poor. Isn't it true that service-oriented programs such as day care and legal services cannot be considered as administrative operations but instead are programs providing direct services and benefits to the poor?

Mayor GIBBS. Indeed, Mr. Congressman. Let's take another area, manpower training. You have to pay the teacher to train the persons

who give them a skill or upgrade their ability to get a job and that payroll of the teachers is certainly not overhead. The payroll for a dentist or a doctor or a nurse in the clinics is not overhead, it is not administrative cost, it is a direct cost providing a direct personal service to those that are poor that otherwise would not receive that service.

Mr. CLAY. Thank you.

Mr. HAWKINS. Congressman Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

I want to say to the mayor he has detailed with great precision the kind of community action program that we have enjoyed here in the city. But let's get down to the basic consideration, Mr. Mayor, of why in your judgment are we here and why are you before us reciting the success of this program?

Mayor GRIBBS. Because we want it to continue, Congressman. It is useful, it helps the poor. The administration has indicated that the funds will be absolutely terminated for these various services with a few exceptions and they should not be terminated, they should be continued because the people need these services.

Mr. CONYERS. That is where we have to begin. The administration has indicated they are going to terminate these services. It that with the concurrence of the Congress? If it is not with the concurrence of the Congress, the bill has been authorized through fiscal year 1975.

Is that right, Mr. Chairman?

Mr. HAWKINS. That is right. The bill was passed and signed by the President just a little over a year ago.

Mr. CONYERS. So then assuming that there is general concurrence in this city for the continuation, if not in fact the enlargement of these programs, what is the tactic or what is the strategy that you would recommend to these people who are citizens of this city and constituents of mine in connection with the resolution of this problem?

Mayor GRIBBS. The remedy lies in the hands of Congress.

[At this point a man in the audience rose and began to speak.]

Mr. HAWKINS. Just a minute.

Would the gentleman see Mr. Beckham, the general counsel of the committee, and let us proceed in an orderly manner. This is too important to be interrupted.

Thank you very much.

Mayor GRIBBS. Congressman Conyers, this remedy lies in the hands of Congress. We urge Congress to appropriate the funds. If vetoed, we urge Congress to override the veto. If impounded, we urge Congress to overcome the impoundments in whatever fashion is possible because these programs are worthwhile and should be continued.

Now I urge the citizens of this community and others involved throughout the country to go to the place of remedy, and that is Congress, to talk to the Congress and to explain what has been done and to explain what the need is. Once Congress is persuaded, I have confidence that appropriate action will be taken.

[At this point there was in altercation in the audience.]

Mr. HAWKINS. This is quite a controversial subject, Mr. Mayor. We find many interruptions.

We apologize for the interruption but we are accustomed to these kinds of interruptions. I think the subject is such that if the gentleman will get a good display for his sign and join us peacefully we will be very glad to continue.

FROM THE FLOOR. Great.

Mr. HAWKINS. We are in a very friendly city.

Continue Mr. Mayor.

Mayor GRIBBS. We have a fine city.

[Applause.]

Mr. CONYERS. Mr. Mayor, this is the final question on that because it seems to me to be very critical. I think that your testimony is very warmly received. I don't know of any criticisms that have been leveled against the Community Action program in this city. As a matter of fact, you have indicated it has been praised in more than one of its areas of competency. So what we see then as a method of continuing the program in the face of executive arrogance which is determined to cut it out is to get our Congressmen to support the program. I presume that that is going on in the citizen groups, in community and civic and political organizations throughout the city and the State. Can you report to us on what is happening in this area?

Mayor GRIBBS. Well, I would like to have Mr. Oliver respond to that, Congressman, because he knows in detail. I participated in a meeting that was held in Washington just a few weeks ago with other directors of Community Action programs and they met collectively to develop some strategy and they met collectively and individually with some of their Congressmen and Senators. The point of the dismantling and termination of the Community Action programs has been made repeatedly by myself and other leaders, and the community I think is aware of it. The question is what can we do to most effectively input and impress Congress on the necessity to continue the program and to use whatever abilities they have to continue the program.

Jim, do you want to add to that?

Mr. OLIVER. Yes.

Congressman Conyers, in direct response to your question there are a number of activities that are going on in the city both concerned with the overall effects of the President's budget on social programs and specifically to the OEO program. Pastor Lewis Johnson is heading up a committee titled "Concerned Friends of MCHIRD" and it has several subsections with it and they have been working to pass out information to secure signatures and written communications to the Congressmen and the Senators and the President and to the Domestic Council in terms of what is happening in the agency. Through our target area centers and the area chairman—one of whom I see is here and one of whom is going to be testifying this afternoon—area 2 will be testifying in the person of Mr. Bussey.

Mr. Howard, who is the chairman of area 1, is here and through our Citizens Action Council the citizens of the community are themselves mobilized along the same line and contacting Congressmen and Senators and have requested that they be informed about the program and certainly do what they know is necessary in order to keep the program going.

Mr. CONYERS. Are you aware that there is legislation for which I am one of the initiators to prevent this arbitrary dismantling by law?

Mr. OLIVER. Right. You and I talked about that. I have that information and we will be passing it on to the committee; it was not available to the committee before. I think we saw an article in the paper but we had no follow up. After my conversation with you last weekend I do

have your letter and I am expecting some other material which we will pass on to those committees so they will know the Congressmen and Senators that are supporting it. As I understand it some of the Congressmen and Senators who should be supporting that even from the Michigan delegation are not necessarily doing so.

Mr. CONYERS. I can tell you who is on the bill that I have introduced and everybody else isn't. What I am saying, Mr. Mayor, and to my good friend, Mr. Smith, is that if we are really talking about having the people's voice heard, then it is going to have to focus upon some very specific action because we are working, as I understand it, Mr. Chairman, against a very definite deadline. This dismantlement letter from the Acting Director of OEO—who is in my judgment illegally in office since he has not been confirmed by the Senate as required by law—said that he is dismantling all OEO regional offices across the Nation as of April 28. Is that correct?

Mr. OLIVER. That is correct. The OEO regional offices as of April 28, 10 of them are being dismantled, phase out.

Mr. CONYERS. Then the Congress and the people are working within a very definite time requirement.

Mr. OLIVER. That is correct.

Mr. CONYERS. Otherwise, we will end up with us still talking about legislation or possibly conducting hearings, while OEO will be a thing of the past. We will be more trapped by this political tactic.

Mr. OLIVER. Yes. I characterize it as the fact that we would win the battle and lose the war. We could be in the process of doing what we are doing, hearings and everything else, and come out with a justification for our work but the war will already have been over because they will have gone ahead and done what they are planning to do.

Mr. CONYERS. I want to thank you for your testimony and statements.

Thank you, Mr. Chairman.

Mr. OLIVER. Thank you.

Mr. HAWKINS. While you are there, Mr. Oliver, could I ask you whether you have had any notice as to the status of the equipment and the furniture in the office? Is it federally owned or is it city owned?

Mr. OLIVER. Well, those pieces of equipment that were purchased through the OEO grant or through Federal grants are then the property of the Federal Government.

Mr. HAWKINS. Have you had any notice from the General Services Administration?

Mr. OLIVER. We have not had a direct instruction from them. The dismantling memo indicated that they would be in touch with us but we have not had any direct memorandum from them.

Mr. HAWKINS. Thank you.

Mr. OLIVER. You're welcome.

Mr. HAWKINS. May I try to cite the present situation in which we find ourselves. This committee has before it several bills to continue the program, to ask for a suspension of the authority to dismantle OEO and so forth. I think that it must be obvious to all of us now that any legislation which might be passed by the Congress still has to be signed by the President, and the President is not likely to sign any legislation which disagrees with his basic position that OEO should be dismantled.

We know that many of the things that they are doing are being done illegally and in many instances to circumvent the law itself. The committee is not going around the country to ask people to lobby us because most of us don't really need to be lobbied. However, the situation is that many local officials have not yet taken a position, with the exception of a few such as Mayor Gribbs and some other rather outstanding examples who have taken a position on the side of the people against the President's action.

I would strongly urge that local groups meet with their own local officials, their own city council, county officials, their State legislators and particularly at the State level because most of the States have been rather reluctant to state what side they are on, whether they are on the President's side or the people in this particular struggle. I would certainly urge you to contact these men, Congressman Conyers, Congressman Diggs, who are already voting with most of the Members of Congress, and while I am sure they would appreciate correspondence from you the pressure is not to be made against them but against those silent officials at the local level. Those local officials who believe they are going to get some power which they have been promised are going to be disappointed because beginning in July you are not going to be coming to the Congressmen to get any help if these programs are terminated, you are going to go to city hall, you are going to go to the Governor of the State. That is the only place that is left and they are not going to have the money to do anything about it.

So I would strongly urge you in the consideration of whatever activities you engage in that you contact your local officials and do something about them. I think the exception is certainly Mayor Gribbs who is one of the few outstanding mayors in this country who has been vociferous in opposing what we believe to be a real crisis pending in this Nation.

Mayor Gribbs, would you care to comment?

Mayor GRIBBS. Just one further item. I certainly agree with your recommendation, Mr. Chairman. We started the process and we will continue the process of building support so that the impact will be felt by Congress.

To indicate our effort to exhaust all possibilities of remedy as a result of notification by Congressman Ford and Congressman Conyers and Congressman Diggs when we were made aware of the fact that the dismantling process is illegal and that we have legal remedies that might be available, I immediately directed the city attorney to look into the process. We have joined in the court suit to enjoin the dismantling and seek our remedies, whatever is available, in the courts. If nothing else, it may be that the dismantling will be deferred, if not delayed, for a lengthy period of time—at least some period of time which would give us some time, gentlemen, to work at other courses of remedy, be it Congress or administrative action.

Mr. CONYERS. Mr. Chairman, before the mayor leaves, is the Governor of this State aware of the nature of this problem? Have you been in communication with him, and if so, what is his reaction to your—

Mayor GRIBBS. I have not been in communication with the Governor on this; no, I have not. Some of our budget people have been talking to his budget people trying to determine where we stand and what the

impact will be. I have met, Congressman, with mayors through our State organization and talked to them directly. Our State organization, the Michigan Municipal League, has been actively participating in the effort to turn this around, to change the program as we see it to save the OEO program.

We had a standing large number of municipal officials go to Washington a few weeks ago for our annual city-congressional meeting. Why I say large, that is important because just by way of contrast to indicate the concern of all municipal officials, a year ago when we had the annual congressional-city meeting we were very pleased with almost 1,000 participants in Washington because at that time we were in deep financial trouble and everybody was fighting for general revenue sharing, it was a special effort. We had almost 1,000 people.

This year, just a few weeks ago, we had over 1,500 municipal officials appear and attend the conference. Why? Because they are concerned about what is happening, they are confused about what the results will be; and most of them, if not all of them, were aware then about the impact on the citizens in trying to do what they can do to turn this trend around and to impact on Congress and the administration. They are concerned.

The one question at the moment is, What is the best strategy? There obviously isn't one. There have to be many attempts made in many directions. I appreciate the recommendation, Mr. Chairman, that we have to look directly to local officials and State officials to get their support.

Mr. HAWKINS. Thank you very much, Mayor Gribbs.

Mayor GRIBBS. Thank you. [Applause.]

Mr. HAWKINS. Also, Mr. Oliver, we want to thank you for the contribution which you have made.

The next witness is the Honorable Charles Diggs, U.S. Representative of the 13th District of Michigan.

Mr. Diggs, certainly it is a pleasure to welcome you for your presentation before this committee. We also wish to commend you on your recent appointment as chairman of the District Committee in Washington. You are doing an excellent job not only for the city of Detroit but also we commend you for the job that you are doing in the Nation's Capital in bringing new dignity and security to the citizens of Washington.

We hope also that you will join the committee as an active member the rest of the morning and afternoon sessions.

STATEMENT OF HON. CHARLES C. DIGGS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. Diggs. Thank you very much, Mr. Chairman, for your very warm references. Thank you very much for all that you have done to try to preserve the program, for being the author and the founder of the very committee over which you have oversight jurisdiction and for all of the compassion that has been reflected in your activities on this very critical subject.

Thank you also for bringing along with you as an active member of this committee the distinguished gentleman from Missouri, Bill Clay, whose reputation also for compassion on this subject is well established.

I am also thankful that you were able to get at least the staff representatives of the minority party to be here this morning and this afternoon and tomorrow because I do think that it is important that people realize that this is a bipartisan committee and that it will take bipartisan efforts if we are going to be successful with respect to attaining the objective. I do not say that facetiously or in a partisan sense because I know that the ranking minority member, for example, the gentleman from Wisconsin, Congressman Steiger, is a friend of the program and I know that the minority staff counsel here will report faithfully to him the results of the hearings.

I would like to also thank you, Mr. Chairman, for permitting Congressman Conyers and myself to participate in these proceedings. Although we are not members of this subcommittee you do know about our extreme concern. You do know that Congressman Conyers and myself represent the areas of Detroit that are most affected by the program, not totally affected because one of the points that we want to make is about the range of those who are affected by this whole matter. But you have come to the right place if you are to implement the objective of the committee; namely, to get on the record examples of the viability of the program and to get on the record the kind of testimony that you have just heard from the mayor and from the agency that has the direct operational responsibility for this entire matter.

Just on a personal note, Mr. Chairman, I certainly am in a position to welcome you to this area since it is located within the 13th Congressional District of which I have the honor to represent.

Mr. Chairman, I want to say first of all that I fully support the efforts of this committee and the efforts of people like Congressman Conyers and others who have introduced legislation on this matter and in whose legislation I have joined in an effort to re-establish congressional prerogatives in connection with legislating these domestic programs and these budgets.

I was involved in the creation of these programs during the 1960's as you were, Mr. Chairman, in the early 1960's when this was just in the germination stage and I now am involved in the actions designed to save them from the death sentence. This kind of capital punishment I think is the kind that I did not understand the President to mean when he last week sent to Congress a special message to restore the capital punishment penalty across this country.

You and I remember that when we started the war on poverty back in 1965 we had a goal to end it by 1976 which is the 200th anniversary of this country of ours. Perhaps if it were not, among other things, for the intervention of our adventure in Southeast Asia, the some \$21 billion which was estimated at that time that it would take at least to approach the resolution of this problem, we may have been able to resolve it. We did not anticipate that the war on poverty would have been over until the war was won, meaning the war on poverty itself.

It is interesting, Mr. Chairman, to review the record and see this statement made in 1969 by America's No. 1 citizen. The President said in 1969 that OEO has been "at the cutting edge of our efforts to achieve 'the goal of full economic opportunity for every American.'" He said that OEO has been "one of the most creative and productive offices in the Government."

I certainly share this earlier incarnation of the President's judgment and view with alarm as you do the latest evaluations of this program on his part because as has been brought out in the testimony thus far and in the colloquy between Congressman Conyers and the mayor there is not one of these programs that under close examination would justify the kind of rationale that has been embarked upon by the administration in bleeding OEO to the extent that it has.

It is not the Congress that has created this problem and to that extent I think we ought to broaden our view with respect to the resolution of this problem because it is certainly not the Congress that has kept defense spending at the same level after the Vietnam war, it is not the Congress that has promised billions to rebuild the country which by Presidential order was systematically destroyed by bombs less than 8 months ago, and it is not the Congress that has accumulated the largest White House staff in executive bureaucracy in the history of the Republic and it is not the Congress that during the last 4 years has requested budgets that have increased almost 40 percent—namely, from \$195 billion approximately to some \$260 billion, which is a jump of over \$74 billion which is the largest increase in American history, and that jump would have been even more dramatic had the Congress not cut the President's budget request by more than \$20 billion during those years.

So while the President talks about the evils of deficit spending, the deficits amassed by his own administration in 4 years have exceeded those of his three predecessors combined. There is no question in my mind that what we have here is not a choice between inflation and fighting poverty. I get more than annoyed, Mr. Chairman, when the advocates of this dismantlement program say that the poverty program is being dismantled, among other reasons, because it is being directed and staffed by corrupt and money grabbing politicians and others in general leadership positions at other levels. I would suggest that if we are really looking for corruption and scandal we could look much closer at home and we could look at the other ends of the economic ladder because there were far more scandals in the 1972 Committee To Re-Elect the President than there ever was in connection with any kind of poverty program.

[Applause.]

I would like the committee to pay special attention to the examples that will be recited here later this morning by Chris Alston and Maynard Bussey and other citizen groups. I have received all sorts of communications from my own constituents on this matter and when you read these kinds of communications from people who are directly affected, then you begin to get some idea about what this means to the people who are directly affected.

An excerpt from one letter:

I know Mr. Nixon said the program has failed. I know it has not done all it was supposed to do but it helped a lot of elderly people to have gainful employment, kept a lot of youngsters busy and off the street.

The President said,

The poor will have to learn to stand on their own feet. How can they do so when they don't have a job and no decent house to live in?

And:

OEO is giving me training for a better job and provisions have been made for me financially to live on and I hope and pray it will and I will not be without means of support and the program will continue.

Another excerpt:

MCHIRD's program has feeling, concern, understanding and respect for everyone who has come in contact with it and since I became a part of this program I see more clearly where I can go from here.

And from an ADA mother:

I just want a chance to prove myself.

I could go on and on with the kinds of letters reflected in these comments.

So when you look at it in that context you recognize how creative the program has been, how though experimental it has been practical, how it was the first real effort to reveal that poor people want to work, that they do good work and that they are not lazy and shiftless and freeloaders and that the program cuts across the whole gamut of our society. We are talking about one-fifth of this Nation despite the efforts of some people to cast the program on a very narrow base and to try to indicate that the program is only involved with black people or only involved with limited other segments of our society.

A few moments ago the question was asked about Mr. Phillips who is the new hatchetman and about even the equipment, and so on. I have the best information that he has sent word to OEO offices to give back their desks, to give back their typewriters and their pencils and every other piece of equipment by April 28, so that unless we in the Congress and in the courts can stop this program that gives you some idea of the pettiness of the direction in which this program is presently going.

Now the community action agencies were created for a specific purpose—a purpose that was not being fulfilled by any other single agency of the Government, mainly to coordinate and augment the existing programs of other Federal agencies so that the people they serve received maximum benefit with the most efficient use of available resources. These community action programs were set up because none of the existing Federal programs were capable or willing to take that responsibility. These community action programs made it possible for the poor and the disadvantages to receive coordinated services in their neighborhoods.

You are going to be hearing today and tomorrow about this program here in Detroit and how it achieved its purposes and improved the quality of life for residents in these various target areas. You are going to hear about the programs for the youth and for the elderly and for alcoholics and drug addicts and for the unemployed and the unskilled.

I think it is unfortunate, Mr. Chairman, that some of those who are going to be affected directly and indirectly by the President's budget are not going to be here to testify because in looking over the list of witnesses I notice the absence of some forces in the private sector who ought to be here today but who are not here today because apparently they don't want to rock the boat for fear of retaliation. They have their surrogates that are going to be here to testify but I think that this matter is important enough to the survival of this community that the real power structure in the private sector ought to be down here

testifying because I can remember back in the mid 1960's and particularly in 1967 on that fatal day in this community when John Conyers and I were out in the streets witnessing the results of the frustrations of many of our people and shortly following that they established a committee here made up of the president of the Ford Motor Co., Henry Ford II; the head of General Motors, Lynn Townsend from Chrysler; and young Joe Hudson of the J. L. Hudson Co. and representatives of the Chamber of Commerce of Detroit.

All of these people got together because they were concerned finally about what happens to this community. I think that they ought to be here testifying in connection with this program [applause] because there is no question in my mind we are right back where we started in the mid 1960's and it is a matter that goes beyond the Congress. There should be a partnership concept with respect to this entire matter which involves the barons from the private sector and involves the Governor.

I was happy to hear John Conyers ask the mayor where the Governor was on this question, and you could tell by the response that the Governor obviously has been involved in this matter hoping that it will go away in some sort of fashion. But the problem is not going away because people have been able to see in the field of health, for example what it means to have a general delivery system for health needs. They have been able to see through this program what it means to have a program in connection with a child development and what it means to have a program designed to try to help with the dropout situation. They have been able to see how artificial admission standards for higher education are in fact artificial, and they have learned many other truths as a result of the experience with this kind of a program.

So we have come to these hearings today and tomorrow because we know what it means. We know that it has given chances for a decent and dignified life for all people and we are here because we are concerned that they are now about to retreat from this program. Those who want to accept poverty and those who want to abolish it cannot be divided in the budget balancers and budget breakers. There is no question that within a budget ceiling lower than the President's and the Congress' standards that we can conceive of a program that will attain the objectives and we want to welcome you here, Mr. Chairman and the committee, for that purpose.

We can either choose to abandon the meek to their poverty and drive them and those who care for them into the streets in protest, we can divide our people each from the other by suspicion and fear all in the name of false efficiency, or we can see the truth and ask justice. We can see that our country cannot take more years of confrontation and keep freedom for all the years of our lives. We can seek not repression but liberation of all of our people if we remember that the clearest moral test of our society is how we treat the most disadvantaged among us.

I think that you are going to have, Mr. Chairman, a very fruitful 48 hours in our community. Hopefully the story that is told here, the Detroit story, along with those other components from the Midwest area will be helpful to us back in Washington in attempting to influence not only our colleagues but through this effort help educate the

public that this is a serious effort that goes beyond any political considerations that actually involve the very survival, as I see it, of our own society and I welcome you here for that purpose. [Applause.]

Mr. HAWKINS. Thank you, Mr. Diggs.

Mr. Diggs, I am not going to ask many questions because we do have an opportunity to discuss this matter from time to time in Washington. I do have one question which I would like you to answer for the sake of the record and that is Mr. Phillips, the Director of the Office of Economic Opportunity, has made the statement that the poverty programs have in some way been responsible for social disorders in our major cities. Now I represent one of the cities in which one such disorder in 1965 did occur and you and Mr. Conyers represent another city, one of many in which disorders in 1965 and 1967 were obviously much beyond the ordinary happenings of those particular years.

Do you in any sense correlate the poverty program as in any way encouraging disorders, and what role would you picture the anti-poverty program as playing in the intervention of such disorders?

Mr. Diggs. Mr. Chairman, I think that it encourages order because when you recognize the involvement of people that the poverty program has generated, when you recognize that it has provided a mechanism through which people can confront not only agencies within the public sector but agencies within the private sector and how much it has meant to making more sophisticated the approach of many people to the serious problems of our day, you begin to wonder what kind of rationale contributes to the notion that it has performed the opposite service. I know a lot of people who in the absence of this kind of mechanism would be pursuing methods that would have created disorders in our community.

I think that part of the rationale in connection with the administration is misdirected because they think that in radicalizing the poor, in radicalizing and educating people who were dormant in their communities for the most part—they feel that this has been a negative result. I feel it has been a constructive result. I think that it has created new layers of leadership in our community, particularly at the grass roots level that have been translated into people being able to speak for themselves in a way that they have never been able to speak for themselves in the past. This is one of the byproducts, as I see it, of the poverty program. In the absence, as I see it, of this kind of mechanism you will find people—particularly people who were dormant in the past perhaps—reverting to these other methods if that is what it takes in order to get some consideration.

Mr. HAWKINS. Thank you very much, Mr. Diggs, for a very forthright answer.

Mr. Clay.

Mr. CLAY. Mr. Chairman.

I have only one brief question but first of all I would like to thank the Congressman for his cogent and comprehensive statement.

Congressman Diggs, you were in the Congress at the time the OEO legislation was passed and you were one of the big supporters along with Senator Hart and Senator McNamara and the Kennedys and Senator Javits and Adam Clayton Powell and Congressman Conyers and our chairman Mr. Hawkins.

The head of the OEO, Mr. Howard Phillips, recently made a statement that the concept of the poverty program was a Marxist concept. Are there any Marxists among the people who helped devise the OEO program?

Mr. Diggs. Mr. Chairman, I think that ideological labels as they relate to the poverty program are irrelevant. I think that there are many programs that have been borrowed from other societies that have become such a part of the American way of life that we have lost sight of it if you want to examine it from that viewpoint.

To answer you more directly, the statement that I read from the President in 1969 should be the answer to Mr. Phillips because I don't think anybody would consider Richard Nixon a Marxist and he was in favor of the program. [Applause.]

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

Now you can appreciate why I did not seek to testify today with the Congressman from the 13th District giving the testimony that suffices for all of the citizens and our mutual constituents who are involved in this truly life or death struggle. I want to associate myself with my colleague's remarks in every respect and commend him for especially pointing out that it is about time we get some accountability in this city and in this State in terms of these programs. [Applause.]

I support particularly the quotations that he read from constituents' letters whose eloquence far exceeds our own. If we were to send before this subcommittee the people, black and poor and white, they would testify they are trying to make it in a society that has a Government that seems to be more concerned with the welfare of Lockheed and supporting bankrupt corporations than dealing with the problems of the people. It is out of that deep sense of cooperation with my colleague from the 13th District that I very, very proudly associate myself with everything that he said here in these hearings. [Applause.]

Mr. HAWKINS. Thank you, Mr. Conyers.

Thank you, Mr. Diggs. That concludes the questions. Again I wish to extend to you the usual courtesy that is extended to Members of Congress to join the committee at any time that you care to.

Mr. Diggs. Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you.

The next witness is Mr. Ken Morris, the regional director of the United Automobile Workers. [Applause.]

Mr. Morris, we welcome you as a witness before the committee.

STATEMENT OF KEN MORRIS, REGIONAL DIRECTOR, UNITED AUTOMOBILE WORKERS

Mr. HAWKINS. Do you have a prepared statement?

Mr. MORRIS. No, sir. I was just able to finish this up this morning.

Mr. HAWKINS. Fine. Well, you may proceed.

Mr. MORRIS. Thank you, sir.

Members of the committee, I am Ken Morris, director of UAW's region 1-B, and I am making this statement on behalf of the Michigan UAW Community Action Program Council to this congressional Subcommittee on Equal Opportunities.

I might say I am substituting for my colleague Doug Fraser, vice president of our organization in Sheridan, Mich., who could not be with us today.

I would like to say that on behalf of more than 500,000 UAW members and their families in Michigan we appear today to add our voices to the voices of thousands of others in Michigan and across this Nation from all walks of life in an appeal to the U.S. Congress to exert its constitutional powers and provide unified moral leadership to stop the President of the United States from turning national commitments to the poor, the elderly, the unemployed, the low-income working families into completely meaningless scraps of paper;

To stop the President of the United States from turning from national commitments to rebuild our decaying cities and to build housing for all the people, to provide decent health care, to create full-time employment, to retrain and provide new job skills, to provide day care centers for working mothers so that they can stay off the destructive welfare roles;

To build and operate community mental health centers into a conscious policy of delivered abandonment of people who live in slum housing, of those who are physically ill, of those who need and want job training, of those mothers who want to work and be off welfare and be sure their children are properly cared for while they work, of those who are mentally ill who could be treated in their own community and of all these poor and low-income working families who want a better shake from the society and from their Government—in short, the people of this Nation who will be shortchanged in their dreams of the promise that is America in the building of a humane and decent civilization. That shortchanging we don't need.

This is not to say that all these programs were properly funded or that they were properly managed, but all of these programs were national commitments—commitments that were barely met in the last 10 years by the U.S. Government or in some cases the last 25 years.

Hubert Humphrey put it very well on March 5 when he said, and I quote, "That FDR had a philosophy of 'Try some things you can think of and if those things don't work try some more things, but keep trying' while the Nixon philosophy seems to be 'Try something, look for something wrong with it and then quit.'" [Applause.]

Twenty-five years ago the U.S. Government promised the workers and the unemployed in this country that it would be Government policy to have a full-employment economy. The Government has never adequately delivered on its promise. In Oakland County, Macomb County, western Wayne County, and the city of Detroit those who run poverty programs will tell you that the national commitment is not being kept, and those who run programs throughout the State will tell you the same thing. But more important, those who want jobs all over Michigan will give you the best testimony that the national commitment is and has not been kept.

Minimal as the job training programs are, to suggest major cut-backs is to quit trying to provide a job to anyone who is willing to work. Contrary to the philosophy of quitting, that seems to be a hallmark of the 4 more years of Nixon. The problem of our domestic needs is one which can no longer be pushed aside. For nearly a decade now almost every aspect of our public well-being has suffered neglect from

the concentration of our money, energies, and goods on prosecuting the war in Indochina. One major casualty of the war in Vietnam has been the war against poverty at home.

OEO is being dismantled. There is no request for funds for OEO this year. Dissolution of the community action agencies will mean the loss of 175,000 jobs, many of them who work part time. Since the average annual salary rate was something more than \$5,000, the communities affected will lose more than \$500 million a year in purchasing power.

In Detroit, as we understand it, the following programs will be eliminated: Medical and dental clinics, Community Action Centers, Neighborhood Youth Corps, Manpower, home services, educational tutoring, senior citizens activities, and transportation services. Almost 900 people will be unemployed.

These low wages will mean a loss of purchasing power in Detroit of more than \$10 million for delegate agencies of MCHRD, the mayor's Committee on Human Resources Development, a loss of wages and purchasing power to the city of \$4 million. The kids who would be hired this summer in Detroit—the mayor has talked about 28,000—will lose in wages another \$4 million. What this means to Detroit really cannot be counted in dollars and cents.

The multipurpose centers will be closed. Few people understand what they mean and what they do. In one location, convenient to his or her home the person in need can usually find what he needs to solve his problem—be it health, employment, emergency social services, and so forth.

The three MCHRD center health clinics will be closed; 30,000 people who make about 60,000 visits here per year will be left without medical care or the opportunity to be directed toward medical care. If all of this is eliminated, what replaces it? Something better or nothing? The answer seems to be nothing because the President of the United States has decided to abandon the poor, the elderly, the ill, the unemployed, and the underemployed.

Add the housing policy, the general health policy, employment and training policy and you can say the President has abandoned Detroit, urban and rural areas of Oakland, Macomb, and western Wayne Counties and the urban and rural areas throughout Michigan.

Who are the people being served by the poverty programs in Michigan and in the country? The poor, the unemployed, the elderly. Poverty and unemployment does not have a face in Michigan or in the Nation. Contrary to the generally accepted view, there are more poverty stricken whites being helped than there are people with black skins across this country as well as in Michigan.

To add to that, the proposal that would make the wives and children of striking workers starve by cutting out food stamps when they are in a crisis is the height of indifference, callousness and a desertion of the opportunity for these people to better their life in true American style. [Applause.]

At the same time the administration refuses any tax increase to meet the needs, cuts off programs already in existence or comes up with Federal regulations under social security to make the elderly who are poor poorer, to drive the elderly who are almost poor into poverty, to eliminate day care payments for those working poor.

There are 937 youngsters in Detroit alone and this effectively blocks the will of Congress through the use of the veto or the impounding of funds already voted. The Nixon administration in presenting cutbacks in spending as the only alternative to tax increases is in effect refusing to consider the third possible course of financing needed programs, and that is through effective tax reform with the many who have much sharing a little bit with those who have too little. [Applause.]

We agree that any cross-the-board tax increase is undesirable now because the majority of the people at the middle- and low-income levels are too heavily burdened already. Tax reform which would merely require those who are carrying far less than their fair share of the burden to assume their proper share would hurt no one except those who have so far been the beneficiaries of unfair tax advantage for too long. Other funding sources could come by paring some of that excess fat off with spending by the Department of Defense.

For fiscal year 1974 the budget provides \$12.9 billion for revenue sharing, \$6 billion in general revenue sharing under the legislation passed last year—\$0.9 billion more proposed for the so-called special revenue sharing. Although the latter is supposed to be earmarked for programs of urban community developments, education, manpower training, and law enforcement, the concept is so loosely devised that it gives State governments at least practically a free hand to use the funds for whatever purpose they see fit.

The amounts to be granted are not earmarked for specific programs but rather for general areas of activity. This means the elimination of a national direction to meet national problems. It is difficult to insure that funds whose use is so loosely guided may not replace State or even local funds already directed to those areas leaving the funds so replaced free to be used for any desire purposes. Since the revenue-sharing funds will be Federal funds levied by action of the Congress from Federal taxpayers, we believe that the Congress should have a voice on how they should be spent. [Applause.]

This is particularly true because in some areas, notably education and manpower training, to which more than half of the proposed special revenue-sharing funds are to be devoted, programs carried out or neglected to be carried out in one State or locality may vitally influence the economic well being of another State or locality. In short, it is almost inevitable that programs left to the undirected control of the States, even though financed with Federal funds, will be given a more parochial approach.

Since revenue-sharing proposals are tied in with cutbacks or outright demolition of many existing Federal programs, it is the purported intention of the Nixon administration that States should take over these programs or formulate others designed to do the same necessary ends. It is claimed, in fact, that the States can do this better because States and local authorities are closer to the people. While it is probably true that State and local authorities are closer to the people who wield political power in their jurisdiction, these are not the people whom most of the Federal programs slated for elimination or demolition like OEO are directed.

Most of the programs being sacrificed are intended for the assistance of the poor and disadvantaged, and unfortunately this is the element

in society which wields the least political power, especially at the State and local level. These people often need, more than any others, the protection of as well as the direct assistance of the Federal Government. We believe that it is the proper responsibility of the Congress to insure in a far more direct way than now proposed that those funds are used for the welfare of all the people in all the States and especially to help those who need the help the most.

In conclusion, if the U.S. Congress exerts its constitutional authority and provides unified moral leadership, the knots will be tied tighter in the revenue sharing so that groups will not be pitted against each other battling for a small piece of the revenue sharing far short of what is used to come through categorical grants. It is our hope that the Congress will pass a number of categorical programs over the vetoes yet to come from Nixon. OEO perhaps would be funded and the illegal dismantling of OEO may be stopped.

When Nixon seeks to paint the Congress with a term "over spending" and seeks to slap a tax increase on the backs of middle-income workers and low-income people, then this will be the time, we believe, for your committee and your colleagues to really be of help to the people back home. Moreover, we hope that Congress will be ready to pass true tax reforms so that those who have gotten away with paying will pay what they should have been paying.

We dream of the day, of course, that the fat will be cut out of defense spending and if not, then we can only say to you that in the latest figures we have received according to a survey made by the new Detroit Committee that under the President's proposed budget Detroit will lose approximately \$86.1 million in the social program area and have an increase in the unemployment figure in this community by 23,921 people. This only begins to reflect what will happen throughout the State of Michigan where these figures will be doubled, the purchasing power loss will be reflected by the lack of cash receipts in the registers of the small businessmen, the storekeeper and the general business community. I say to you, gentlemen, the impact does not end there, its effects will only have begun and heaven knows the trouble that may be in store for us.

Thank you. [Applause.]

Mr. HAWKINS. Thank you, Mr. Morris, for a very excellent statement.

May I ask you what is being done by the United Automobile Workers to halt the administration's efforts to eliminate the antipoverty programs?

Mr. MORRIS. Yes, sir. Our president, Leonard Woodcock, has submitted and given a statement most recently in a congressional hearing and he has been making statements. The policy of our organization has been to fight the proposed cuts and we will be speaking out louder than we have in the past in regard to this development.

I might say that most of us are beginning to realize the full impact of what is taking place, and those of us who have been in touch and have been working with poverty programs and the OEO are very sensitive to what will be happening. Out here at the Jefferson plant of the Chrysler Corp.—you can go to the Chrysler Corp.'s plant and out at Ford and out at GM—OEO programs have helped stimulate job training, have helped secure many jobs for people who for the first

time have gone into plants and have had an opportunity to get a job, to get a stake in this society in effect. As a result of this kind of beneficial help we have been working, I might say, with the corporations, we have been working with the individuals involved to help make these programs effective and to keep these people in the plant and we think it must be continued if we are going to find a solution to the problems that we have in a community like this.

Mr. HAWKINS. I think the UAW, its president, its officials, its members are to be commended for the very excellent job they are doing. Certainly we hope that you will continue these efforts.

It is a pleasure to have you before this committee.

Mr. Diggs, any questions?

Mr. DIGGS. I was curious as to why the same people who established the new Detroit committee and some of the principals were not listed as witnesses, that they were working as surrogates. I am not casting any reflections upon their surrogates, they are all doing great jobs. I was told that the automobile makers, the reason Henry Ford, II, and Lynn Townsend and the people like that did not care to testify on this subject is that they are so concerned about the regulations involved with automobile emissions that they don't want to rub the administration the wrong way and that they are more concerned about the effect that these regulations and new standards are going to have on automobile production, that they want to soft pedal this proposition and don't want any confrontations with the President. I wondered as a representative of the automobile union or the union that has oversight jurisdiction with respect to the union if you would care to comment on that kind of priority?

Mr. MORRIS. Well, Congressman, I think the point that you have made in your question is certainly well taken. The leaders of this community and the business world who get so much attention on a posted note from the press when they get something to say, particularly on auto emissions, ought to say something about what is omitted in our society and they ought to be here pleading to build for a better America so they can sell more cars because this ought to work in their interest and they ought to understand that.

Mr. HAWKINS. I was going to make a point myself but I think you have touched on it and that is that I doubt if the President even buys his automobiles but it is the people who buy these automobiles. What if there was nobody left to buy these machines—they better well take notice of what is happening to America.

Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

I want to commend Ken Morris for his testimony and his perceptions that he brings here, especially the fact that he perceives this administration as one that if it does not succeed at first it quits. I think that is a point well made.

Now, Ken, in view of the fact that the United Automobile Workers is the strongest organized union in this State by virtue of the members and the families of members that are connected and participate in it directly in its related organizations, it would seem to me very important that if we are to succeed in this struggle against the administration that we are going to have to have your help in getting more voices in the Congress to join us on this question. Now are there any plans

that you know of for the UAW to bring the word gently and in its usual tactful manner to some of our colleagues [applause] who may or may not be aware of what is going on?

Mr. MORRIS. Congressman, we are not only going to begin bringing it to the attention of our membership but also to the community at large and we are going to do everything within our power to let those who sought the votes of the people to go to Congress understand that they represent all the people and not a few and they represent the hungry and the disenchanted just as well as they represent those with the wherewithal. We expect to go to them all. [Applause.]

Mr. CONYERS. Thank you.

Mr. HAWKINS. Mr. Morris, I think that concludes the questions. Again we wish to thank you for your presentation and also again to commend the UAW for the fine work that it is doing and to express the hope that you continue.

Mr. MORRIS. Thank you, Mr. Chairman. We appreciate the opportunity of being here to do this.

Mr. HAWKINS. Thank you very much.

[Applause.]

Mr. HAWKINS. At this point the next witnesses include two on a panel. Mr. Chris Alston, director of TOP, and Mr. Maynard Bussey, Citizens' Advisory Council.

Mr. BUSSEY. We did not know what time to get out here so I just happened to get down here early. We thought it was in the afternoon. Mr. Chris Alston will be here.

Mr. HAWKINS. Do you prefer to postpone the testimony until this afternoon?

Mr. BUSSEY. I would appreciate that, sir.

Mr. HAWKINS. All right.

Is Mrs. Susan Miller, Michigan Council of Jewish Women, present?

That is all right. I see that there is another group that is also scheduled before you that may be present.

Mr. Richard Jones. Is Mr. Richard Jones present?

Mr. Jones, Mr. Carlos Sundermann, Mr. Raul Borrara, are they present?

Mrs. Susan Miller, Mrs. Ruby Gould, Mrs. Matilda Ruben, Ms. Shirley Charbonneau, are they present?

Mrs. MILLER. I am Mrs. Miller but Mrs. Gould is not here yet and I don't know about the others.

Mr. HAWKINS. Well, shall we wait until the others are here?

Mrs. MILLER. I don't think that it much matters. It is up to you.

Mr. HAWKINS. It is a panel group and if one testifies, the others may lose their position. That is the only trouble.

Mrs. MILLER. Perhaps I better wait.

Mr. HAWKINS. Is Mr. George Lambrions present?

Mr. George Lambrions, Latin Americans, region 5.

Is Mr. Lambrions present?

Is Mr. Halvor Lacher present?

Mr. Roger Wolfe?

Are you Mr. Lacher?

Mr. WOLFE. I am Mr. Wolfe.

Mr. HAWKINS. Is Mr. Lacher present?

Mr. WOLFE. No, he is not.

Mr. HAWKINS. We are going to have to go down the list anyway.

Mr. WOLFE. He will not be here.

Mr. HAWKINS. All right. Mr. Wolfe, then we will take you, president of the Minnesota Valley Community Action Agency in Minnesota.

Mr. Wolfe, certainly it is a pleasure to have you before the committee. Perhaps you have come the longest distance of any of the witnesses we have heard from and we certainly appreciate the time that you have taken to come to Detroit to testify before this committee.

STATEMENT OF ROGER WOLFE, PRESIDENT, MINNESOTA VALLEY COMMUNITY ACTION AGENCY, MINNESOTA

Mr. WOLFE. Mr. Chairman and members of the committee, this is certainly a privilege and a shock to a soybean farmer to appear before this committee. I am sure that this should be formal but after taking that drink it always reminds me of this story—I think it is good, and maybe you don't—of the young minister who was having a hard time delivering his sermon. An old minister said, "You notice when I have my services I have a glass there; the glass there is not water, it is vodka." So he suggested the younger minister try that at the next service and he said, "I will be there to observe you."

The next Sunday arrived and the young minister had his glass there of vodka and when the time came for the sermon the vodka was gone. The words flowed out beautifully, he had the congregation right in the grasp of his hands. The service went quickly and he went back to greet the people after the services and they were so appreciative of his delivery that day. Then the elder minister came and the young minister said, "How did I do"? and the old minister said, "Fine, but I must correct you on one thing—David slew Goliath, he didn't plain just kick the hell out of him."

I can tell you if this were vodka my presentation would be much better.

I am chairman of a very small four-county area in Minnesota comprising 100,000 people.

Mr. HAWKINS. Mr. Wolfe, would you identify the particular area of Minnesota that you are from?

Mr. WOLFE. The southern part of Minnesota, about 80 miles south of Minneapolis and St. Paul—very agricultural.

Mr. HAWKINS. Thank you.

Mr. WOLFE. Mankato would be the main place.

As the chairman suggests, I have come a long way. I was called by Mr. Lacher, who would have the expertise of this matter rather than I, at 11 o'clock last night stating he could not come so I got up at 4 o'clock this morning and here I am.

It seems ironic that I should follow such eloquent presentations but the only good thing about mine, Mr. Chairman, it will be short.

As stated here, I grabbed this from the staff this morning who had received some directives on the funding and we will get right down to the short funds. The delay in grant actions and delay in release of funds would have a substantial impact upon our agencies, its employees, and the poor people whom we serve. Such actions make it difficult to plan for the future. The staff finds it difficult to organize any activities with long range consequences, thereby making it less

effective as employees which ultimately results in a loss to the poor people involved in our projects.

The morale of the disenfranchised poor we serve is at an alltime low. After they had finally been given a chance to feel a sense of self-worth they have again been made the pawns of a never ending political game. If the funding for OEO is impounded, it will mean that 130 employees of our agencies will be unemployed and which at least 35 percent will return to the welfare roles. In all probability 90 percent of the remaining employees will apply for unemployment compensation.

There would be no opportunity for 206 low-income teenage youth to be involved in the summer Neighborhood Youth Corps which over 90 percent of the money spent went back into their pocket, thus eliminating the very real need for summer jobs, the development of positive work habits, and the feeling of self-worth that is generated by a job well done.

The loss of a program which has provided in royalties 90 percent of the dollar within the past 2 years will be genuinely felt not only by the enrollee but by the community. Two hundred low-income preschool children will suffer due to the lack of proper early childhood education, inadequate medical and dental care, and improper diet. One hundred senior citizens will no longer have the benefits of a nutritious hot noon meal and they will again remain in their homes lonely and withdrawn.

One hundred sixty-five senior citizens will be denied the opportunity for a meaningful involvement in the community by volunteering in the retired senior volunteer programs. There will be no longer Outreach workers to bring a ray of hope into the lives of hundreds of low-income people, no one to organize the poor so they can do something about their causes of poverty. Low-income women who are now earning a supplemental income by sewing hats in their homes will no longer be able to buy shoes and clothing for their children.

If OEO is dismantled, the poor will lose more than just the services offered through the CAA's. CAA's have mobilized local resources that never before have been available for low-income people. They have made the local citizenry aware and responsive to the needs of the poor. Without the CAA's to provide the catalyst for local governments and agencies to respond to those needs, the Nation's poor will surely suffer unpardonable injustice and the demise of OEO will surely result in a backlash such as this Nation has seldom known.

I will be through in 3 or 4 minutes. To me it is a peanut deal when it comes to our total budget, absolutely a peanut deal. My good friend Senator Humphrey said that we keep on trying and trying, which is true. Our former administration, when our space program was first started and when things were just popping up in the air and going into the Atlantic Ocean, they did not quit, they continued. We have not cured cancer and we are not quitting on that, we are continuing our research.

One of the most important things to me as far as these programs are concerned is not only helping these people financially and getting a job but to instill self-confidence and self-respect. My God, we have even got them so they respect people like me whom society feels I am more important because I have a few bucks. Now how do you evaluate

this in dollars and cents? You cannot evaluate it in dollars and cents. They say this thing has become political. I stand before you as a man who has voted Republican since Hoover's time with one exception and I voted for my good friend Senator Humphrey as President of the United States. [Applause.]

I want to play upon your emotions or upon mine. I am closing with this. I was raised a Christian and that is the only thing I know in religion. I leave you with the injunction laid down by Christ: "Inasmuch as ye have done it to the least of these, my brethren, you have done it unto me."

Mr. Chairman, if you have questions, make them easy. [Applause.]

Mr. HAWKINS. One question, I think it is easy. What are your local officials doing over there in Minnesota at the local level? Do you think they would be willing to assume the responsibility of these programs if they are terminated? Would they be in a position to increase taxes? What are they doing now to keep the programs in operation?

Mr. WOLFE. I happen to be or have been—I got beat last fall after being a county commissioner for 20 years—

Mr. HAWKINS. Because you are a Republican?

Mr. WOLFE. Well, one thing I think that hurt me, I have never apologized for welfare; I have gone out and defended it. I have spoken to many of my farmers and told them I am damn sick of having them bitch to me about who is on welfare and then next day go to the county seat and get \$5,000 to \$10,000 for not planting something. Now what the hell is that? [Applause.]

That is not good politics but by gosh it's honest, I'll tell you that. [Applause.]

We have been helping with Head Start and other things. You ask me if they are going to pick it up. Hell, no, you know that, unless it is earmarked. And it better be earmarked.

Mr. HAWKINS. In other words, without a direction from Washington along with the money you do not anticipate that they would use revenue sharing or any other funds that might be made available unless they were specifically earmarked for these programs?

Mr. WOLFE. Yes. They always have a garage to build or sidewalk or trucks to buy.

Mr. HAWKINS. You have been most forthright and I certainly want to commend you as being one of the most excellent witnesses that we have had.

Mr. WOLFE. I am so glad that you got me on because I have to fly back and chair my four county meeting tonight.

Any other questions? Easy ones.

Mr. CLAY. Yes, just one easy question.

Mr. HAWKINS. You better be aware of that one.

Mr. WOLFE. Okay.

Mr. CLAY. With or without the vodka would you say that Mr. Nixon in addition to slaying the OEO is also kicking the hell out of it?

Mr. WOLFE. Correct. I may share with you—and I certainly hope this does not hinder anything—I did meet with Mr. Phillips, and it is not everybody that gets into the sanctum of sanctoriums, but I have never been received more graciously and nicer. He was tough, I was tough. I said, "I would like a good fight but this is not a fair fight." Had we known 6 or 8 months ago we could have presented a better case

and had more time to do it. He has been charged with the job and he is going to do it if he can.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you very much.

Mr. Wolfe, I appreciate your responses here. I think we who have been invited to join the subcommittee are a little bit embarrassed that with all of the Fords and the big shots in this city we have to go to Minnesota and get a businessman to come all the way here. [Applause.] I think that tells you how much more we need some of that accountability that Congressman Diggs was talking about right in our own bailiwick. So we are glad you are here. You are among friends.

I have always believed that this business between the city people and the rural people fighting among each other was a big put on anyway because we are all being ripped off by the large interests whose absence is so clear and stark here today.

Now let's get down to the questioning.

How many blacks in your area?

Mr. WOLFE. Very few, sir.

Mr. CONYERS. That means that there are some.

Mr. WOLFE. That is correct.

Mr. CONYERS. All right. Now the next thing is, have you delivered this sermon to any of the Congressmen and other business types in your area in Minnesota?

Mr. WOLFE. Yes, I have. I have been to Washington, D.C.

Mr. CONYERS. With what success?

Mr. WOLFE. Well, all the success if it does not cost somebody some money. Let's be honest about it. [Laughter and applause.]

Mr. CONYERS. Let's be a little more specific about our honesty.

Mr. WOLFE. Yes. Well, no, we have had real fine reception with it. We have had fine backing. We have resolutions from my four county boards backing the OEO concept which I think is good. I have carried this message to Congressman Quie; Congressman Nelson, my Congressman; and met with Senator Humphrey and Senator Mondale and was in with Senator Percy and Senator Stevenson, too, about 2 weeks ago.

Mr. CONYERS. So that is two Senators and two Congressmen from your State we can count on?

Mr. WOLFE. Ho, ho, ho. [Laughter.] I presented it, sir. The two Senators, yes.

Mr. CONYERS. Oh.

Mr. WOLFE. And Congressman Quie. He is not mine, I had a nice visit with him. I hope I am not getting myself in trouble here. I feel that the concept of OEO will come under some other heading, and Mr. Nelsen I feel might feel somewhat like that.

Mr. CONYERS. I am grateful for you being here. I know that sermons don't always take effect immediately upon impact but maybe there is a delayed action time fuse in your message that will win us some friends in the Congress and that that is going to only come from the likes of us that are here at these hearings. That is why Congressman Hawkins is going all over the Nation. Some of our colleagues are going to wake up as a result of reading the text here in Detroit and they are going to realize that their ox can be gored by the Nixon administration that operates without favor, without friendship to their friends as

well as their enemies. So you have helped us understand here today that welfare and subsidy really mean the same thing. It depends on whether you are a corporation or whether you are a little person applying for welfare.

Thank you very much. [Applause.]

Mr. WOLFE. You fine gentlemen need help from these people and other people to make this thing go as you are well aware of it.

Mr. Chairman and members of the committee, thank you for this privilege.

Mr. HAWKINS. One other question.

He passed it up, I think you have convinced him.

Mr. Diggs. I would like to say I commend the witness. You performed a great service here by giving more credibility to the whole concept because there are so many people who have characterized this program as useful to only a certain segment of our society. I don't think you realize that with all your sophistication how much credibility you are adding to this effort by being here today, by removing the artificial barrier that exists, as John Conyers pointed out, between the rural area and the urban area, between black and white, and between Democratic and Republican because this is a people's issue and this should be considered a people's court here today because it does involve our society in its totality and I want to commend you particularly for your contribution in that context.

Mr. WOLFE. Thank you. [Applause.]

Mr. HAWKINS. Mr. Wolfe, I think Congressman Diggs has expressed the Chair's opinion as well. Again I want to commend you and thank you for the time that you have taken and the very excellent testimony.

Mr. WOLFE. Well, thank you very much. It is my pleasure. [Applause.]

Mr. HAWKINS. The next witness is Mr. George Lambrions, the Latin Americans, region 5.

We are pleased to welcome you before the committee.

STATEMENT OF GEORGE LAMBRIONS, LATIN AMERICANS (LATINOS), REGION 5

Mr. LAMBRIONS. Mr. Chairman, gentlemen, it is really an unfortunate situation that brings us together and it is also very unfortunate that only one latino group has been asked to appear before this hearing to present a case for the urban latinos of Detroit and also the Midwest, region 5.

Mr. Hawkins, we are approximately a million and a half latinos in the Midwest. Latinos until now had not had the same opportunity as other minority groups to deal with our problems adequately but with the advent of OEO the door was beginning to open giving us the hope that perhaps finally we would be given the opportunity to gain access to a system which has systematically excluded us. Although the moneys we have received from OEO do not even begin to meet the needs of our communities, the impact made by these funds have been immeasurable. With this money latinos have been made aware of existing services and opportunities available which were previously denied to them. In turn, agencies and institutions are being made aware of the existence of the latino community and their problems.

Mr. Hawkins and gentlemen, it is a fact that housing in the latino section of the innercity is deplorable. The conditions were beginning to be alleviated through the services of legal aid funded through OEO. For example, progress was being made in landlord-tenant relations, home purchases, and contracts. Also, inroads were beginning to be made in the field of education. The latino students of the Midwest have the highest dropout rate except our brothers the Indians. A dropout rate of 75 percent is intolerable. The latino population has an average 8th grade education compared to the national average of 13.

One of every four latinos does not learn the English language. With programs as the reading program, the bilingual program, the GED program, college placement and others, we have begun to reverse those shameful statistics.

We could go on with these statistics. In the area of employment, 30 percent for the latino community, 60 percent among the latino youth. Figures for health and all other areas are just as severe.

Mr. Chairman, the Spanish speaking have been given the hope for the future with the antipoverty programs. We cannot continue to fight to join the mainstream of America without continued assistance. All we ask is support in obtaining our equitable share. Our expectations have been raised through the money that has come to us through OEO. Now this is being taken away from us and this I believe is a very, very dangerous situation, to raise a person's expectation that they are going to be able to do something and then take it away from them just before they are able to achieve it. I believe that we must continue the funding for these programs some way, in some manner, so that we cannot any longer raise people's expectations and not be able to provide for them.

Thank you. [Applause.]

Mr. HAWKINS. Thank you, Mr. Lambrions.

Mr. Clay.

Mr. CLAY. Yes, Mr. Chairman.

First of all I would like to commend you for your statement.

We have heard quite a bit of talk from the administration that these programs are not going to be phased out, they are just going to be transferred into other agencies and that the same amount of money is going to be spent on these programs. Do you feel that if these programs are transferred to other agencies that the money will finally be channeled into your areas to provide the same kind of services that are now being provided?

Mr. LAMBRIONS. Sir, we have made inroads with the OEO programs, we have begun to open the doors. Now this door has been closed and we are being asked now to go and knock on someone else's door and try to open that door. It was difficult to open the OEO door and now we are being asked to try and open another door. This is not going to work and we have to keep that door open now and open it wider. [Applause.]

Mr. CLAY. You now have a voice in determining what kinds of programs are going to be established in your community, is that right? Don't you have representation on the board?

Mr. LAMBRIONS. No, we do not.

Mr. CLAY. Well, theoretically you are entitled to it, is that right?

Mr. LAMBRIONS. Theoretically, but in reality this is not true.

Mr. CLAY. Don't the poor in your area have one-third of the makeup of the board that determines the programs?

Mr. LAMBRIONS. But as far as the latino, we have very, very different types of needs. Now we do have the needs of the poor, yes. Twenty-two percent of our community has been labeled as being in a poverty level but we do have some specific needs that are not being met for the latino—the cultural level, the identity. They are not being representative at this point.

Mr. CLAY. Did any of you seek representation on the board?

Mr. LAMBRIONS. We have tried, yes.

Mr. CLAY. And you have not been successful?

Mr. LAMBRIONS. Not to this point yet.

Mr. CLAY. But other poor people have been on the board and are helping to make the decisions that affect the poor community?

Mr. LAMBRIONS. Yes, the poor in general, but we are saying that we have different types of needs and we have to have representation for the latino. Only a latino can speak for a latino.

Mr. CLAY. I understand and concur that you are entitled to representation. The point I am trying to make is if they transfer it to other agencies that eliminates the process or the procedure where the poor have input into deciding what is going to happen to them. That is the point I was trying to make.

No further questions.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. No questions.

Mr. HAWKINS. I think, Mr. Lambrions, the point is well made and should be emphasized. As I understand what you are saying it is that Latin Americans really have not been able to take advantage of that provision in the law which now says that the groups that are served by these programs should have some involvement in making the decisions, and that it is that provision of the law that you have been seeking to make meaningful and to have it apply in this area and in other areas. I think the point that Mr. Clay is emphasizing is that while you have not succeeded in doing that, that that provision is being repealed or being terminated which means that you will not even have the law then to insist on being applied.

Mr. LAMBRIONS. Right.

Mr. HAWKINS. There will be no such provision. Certainly this committee has great empathy in seeing that law continued and seeing that provision upheld. I think that in too many areas that we have gone into, Latin Americans, Spanish-speaking people have not been adequately represented. I think that this committee will continue to insist on making efforts to enforce that provision of the law, provided that law is continued. Your appearance before this committee today is welcomed. I think you have made your point very well and we certainly appreciate the contribution that you have made.

Mr. LAMBRIONS. Thank you. [Applause.]

Mr. HAWKINS. Thank you.

The next witness is Mr. Bernard Benn of the First Wisconsin National Bank of Milwaukee.

Mr. Benn, we are privileged to welcome you. We are concerned about the role that businessmen are playing in the continuation of this program. We have heard from Minnesota and it is a pleasure to welcome you from one of the other States in this region. We hope you will proceed to give us the benefit of your views.

**STATEMENT OF BERNARD BENN, ASSISTANT VICE PRESIDENT,
FIRST WISCONSIN NATIONAL BANK, AND CHAIRMAN, COMMUNITY
RELATIONS-SOCIAL DEVELOPMENT COMMISSION**

Mr. BENN. Thank you very much, Mr. Hawkins.

Before I get started I want to make a personal aside if you don't mind.

Mr. HAWKINS. Yes.

Mr. BENN. I promised my wife I would say good morning to Mr. Clay because I think they are related some way or another. Mr. Charles Harris is her father.

Mr. CLAY. Yes.

Mr. BENN. And she said if I didn't do that I was in trouble at home.

Mr. HAWKINS. I hope you will give a good recommendation when you call her home about him.

Mr. BENN. OK. Fine.

My name is Bernard Benn and I am chairman of the Community Relations-Social Development Commission, the Community Action Agency in Milwaukee County. On that board I represent the business community and I am presently an assistant vice president of the First Wisconsin National Bank.

I, like all members of the Board of Commissioners, serve voluntarily, without compensation. We do so for the most part because we support the goals of Community Action and because we want our particular interests to be represented in the decisionmaking process. During my 4 years of service on the board I have come to appreciate the unique value of an agency that insures all segments of the community a voice in decisions and also insures that decisions which are made are arrived at through open debate. I have also come to appreciate the reality that volunteer efforts, supported solely on the local level, cannot be relied upon to resolve social and economic problems which, in practically every community, are reflective of and influenced by national social and economic conditions.

Putting aside for the moment any discussion of competing social values, as a businessman I characterize the proposed budget cuts offered by the administration as pennywise and pound foolish. Using the Milwaukee community as an example, the following inconsistencies become apparent:

It has been reliably estimated that, if carried through, the administration's budget will produce an immediate reduction of between 75 million to 100 million in Federal funds coming into Milwaukee. These reductions will have the heaviest impact in those areas devoted to human services—manpower and employment, housing and community development, education, health, welfare and social services, and community action. The rationale given for these reductions is to decentralize government and to return "power to the people." It should be obvious to all that decisionmaking power is merely a cliché when a community is without resources to implement decisions. The immediate effect of the reductions will, no doubt, be to reduce some expenditures on the national level, but the needs of people still remain. The questions I would like to pose are as follows:

How much will it cost Milwaukee to either find jobs for or support by welfare payments the 957 people presently employed under the Emergency Employment Act, scheduled to end December 1, 1973?

In a city having less than 3 percent vacancies in all of its housing, how will decent housing be providing for the 58 percent of its families who do not have sufficient income to afford to buy a house? Funds have been frozen by the Department of Housing and Urban Development for all subsidized housing programs, thereby removing 2,300 planned housing units from the already short supply in Milwaukee. Is it cost efficient to have contractors' projects half completed? Where will the resources be found to rehabilitate existing inadequate housing, except from the local taxpayer?

At a period when the unemployment rate stays at 5 percent, who will pay the price for the 10,679 Milwaukee people currently being trained for useful work? Most of those currently being trained will be forced to the already burdened welfare rolls and, instead of becoming members of the work force as intended, the end result will be to raise taxes for the local taxpayers.

When the cutbacks in job training opportunities are coupled with the new restrictions in Federal support of welfare and social services, how can local communities do more with less?

The questions I have just posed offer their own answer. In all of the cases cited the cost will be paid but by the local community which, in the next few years, will prove to be an insuperable burden both economically and socially. For example, the young woman who will be denied secretarial training may well in a few years be costing the community \$2,400 in welfare rather than contributing approximately \$5,000 in spending power and \$700 in Federal tax payments. The children who are denied medical screening at age 2 may well incur public hospital costs in the thousands of dollars because there is a lack of preventive medical care.

What I have just said highlights the economic cost to a community of arbitrarily saying, "It's your game now; we'll make up the rules as we go along." I would like now to discuss briefly the social ramifications of the proposed budget, particularly as they relate to Community Action programs.

I have noticed that, although the budget presented by the President suggests reductions in all fields of human service, the most outspoken reaction has centered around OEO and Community Action programs but the administration labeling it a "dismal failure." The supporters of this program, however, have documented its successes and it has well indicated that there is a continual need for national commitment to the concept. Why is this so?

I believe one reason is that so long as the Office of Economic Opportunity exists there has to be a national recognition of the continuing problems of poverty, discrimination, and economic disadvantage. If it no longer exists, we can all follow Senator Aiken's recommendation given in the Vietnam situation to declare the war won and to turn our attention to other matters.

Community Action Agencies have been controversial partly because they have introduced a new element of society to the decisionmaking process and partly because in those instances in which innovative approaches have been used to address longstanding social problems CAA's were a visible reproach to those institutions which, while having the legislative and moral mandate to address those problems, have not done so. Because of the controversial nature of the Community Action programs, they are less liable to receive unqualified support

either on the local or national level. However, we must recognize that the abolition of OEO is only symbolic of a radical reordering of national over domestic priorities.

Other speakers today will no doubt present documentation of the impact of Community Action on the lives of people in their communities. I would, however, speak briefly about the accusations so often made that the bulk of the money expended for Community Action never reaches the poor and that the programs have been grossly mismanaged with most of the money going for administrative costs. Our agency, which over the past 3 years, has administered between \$10 and \$20 billion in public and private moneys annually has done so with the administrative costs of approximately 8 percent which I would suggest compares favorably with any private business concern and with most other public agencies.

The bulk of the employees working in the programs are recruited from the neighborhoods in which the programs are located. For example, the Community Action programs represented the first opportunity to develop skills and, of course, a sense of human dignity.

To those who want a continuation of Community Action programs, whether through OEO or another vehicle, the prospect of special revenue sharing is offered as a solution. Theoretically those Community Action Agencies, which have performed well, will be eagerly embraced by their local communities and will be assured of a share of those funds to continue their activities. There are several flaws in this approach.

First, there is at present no special revenue-sharing legislation. Although there are some indications that the administration plans to implement some form of special revenue sharing by administrative order, as with the Department of Labor, many programs suggested as being covered by special revenue sharing will end June 30, 1973, with no indication of the timelag disruption that will surely result.

Second, the amounts of money suggested for special revenue sharing indicate again that State and local governments will be expected to do more with less money. In urban areas the pressure for property tax relief and maintenance of existing services will, to a large extent, dictate that funds are spent for physical improvements and salaries for organized public employees.

Third, the most serious flaw in revenue sharing seems to me to be that, again, the shifting of decisions on how to spend Federal moneys to the State and local level represents an abdication of national leadership in the field of human services and social welfare. The "pilot program" in block grants to States, LEAA, demonstrated that, instead of providing for a national, comprehensive effort to reduce crime, there was no program, only expenditures. This, to me, was truly an example of "throwing money at problems." Even with the best of intentions, it is doubtful to me that local officials can resist the pressure to use special revenue-sharing funds for alleviating the most immediately visible fiscal and environmental problems. While this may be laudable the human needs, particularly for the poor, will remain and without a national commitment to their alleviation will increase.

In conclusion, I would like to urge Congress to examine not only the immediate impact of the budget cuts in their communities but to exert the kind of leadership which will help create the national climate

in which government is seen as existing to help people and develop the human resources of this country rather than act as an institution which seems to be determined to disavow any responsibility for the well-being and security of its citizens.

I would like to thank you very much for your time and your attention at this point and answer any questions that you might have. [Applause.]

Mr. HAWKINS. We want to thank you, Mr. Benn, for a very excellent statement.

Mr. Diggs.

Mr. Diggs. No questions.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. No, except to say I appreciate the statement being added to these hearings.

Mr. HAWKINS. I certainly want to thank you for your contribution which you have made. As a businessman you are to be commended for the very fine role that you are playing in connection with this program.

I would like to ask you, however, just one question and that is, are the local officials in your particular area also involved with the efforts to save this program?

Mr. BENN. Some of them are and some of them aren't.

Of course you know of our mayor's interest in trying to save the programs which relate to the urban community, and certainly some of the individuals on the county board have this kind of interest. You are familiar with the efforts of Congressman Reuss and Senator Nelson. You are probably also familiar with some of the efforts of some of the other folks in our State who have not been supportive of anything at all that relates to poor people, and certainly those divisions in the political strata within our State continue to exist.

We are hoping that and we have pleaded our case to the county board. They were receptive and they smiled nicely but certainly I don't think they have begun to realize the real impact of these budget cuts on the Milwaukee County community yet. We have supplied them with all the information we could come up with. We did a whole impact study on Milwaukee County through the planning and research department of the commission and it was further marked up by the kinds of things that were produced by the mayor and his office. The only thing we can continue to do now is hammer home those facts and hope somebody, sometime will begin to listen.

Mr. HAWKINS. Thank you. I certainly feel that you are capable of doing an excellent job in that connection.

Again, Mr. Benn, we appreciate the testimony before the committee.

Mr. BENN. Thank you. [Applause.]

Mr. HAWKINS. Thank you.

The committee will be in recess until 1:30 p.m. this afternoon.

[Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 1:30 p.m.]

AFTER RECESS

[The subcommittee reconvened at 2 p.m., Hon. Augustus F. Hawkins, the chairman of the subcommittee, presiding.]

Mr. HAWKINS. The subcommittee will reconvene.

The first witnesses this afternoon will be Hon. Harry Kessler, mayor of the city of Toledo, Ohio, and he will be accompanied by Don Crawford, executive assistant to the mayor and president of the Ohio League of Municipalities.

Mayor Kessler and Mr. Crawford.

Mr. Mayor, it is a pleasure to welcome you to the committee. We appreciate your having come all the way from Toledo, Ohio, to this hearing. We know that you must have problems and ideas to share with us. The committee is honored to have you appear before it.

**STATEMENT OF HON. HARRY KESSLER, MAYOR, TOLEDO, OHIO,
ACCOMPANIED BY DON CRAWFORD, EXECUTIVE ASSISTANT TO
THE MAYOR AND PRESIDENT, OHIO LEAGUE OF MUNICIPALITIES**

Mayor KESSLER. Thank you very much, Congressman Hawkins. It is certainly a privilege for me to be invited to testify on what I think is a very serious concern of ours and the rest of this country at this time.

I do have a prepared text.

Mr. HAWKINS. The prepared statement will be entered in the record in its entirety and you may read from it or summarize as you wish.

Mayor KESSLER. I will read it and if you have any questions after I conclude I will be glad to field them.

Mr. HAWKINS. You may proceed.

Mayor KESSLER. I appreciate the opportunity to appear before you today and I compliment you for your concern for those of us in the political arena and the communities faced with cutbacks or elimination of services due to the austere budget now before Congress. This document contains certain provisions that have serious consequences in terms of the ability of the cities of this country to be responsive to the needs of the poor.

It is absolutely absurd in my thinking for us as a nation to institute a Marshall plan for our enemies of World War II and now to rebuild Hanoi while our very own suffer. I have been taught since day one that charity begins at home and then spreads abroad. In a very similar vein we exemplify a very low tolerance point in regards to the whims, fantasies and fiscal irresponsibility of the Littons, the Lockheeds, and the Pennsylvania Railroad. If they get caught with poor administration or mistakes that cost literally millions of dollars with costly overruns, we have all kinds of defense mechanisms and actually bail them out with cash while on the other hand with regard to social programs that benefit the poor and the disadvantaged we have made for a very agonizing and traumatic experience. Through Moynihan's benign neglect, this we could live with; however, the intended budget makes for malignant rejection.

I don't uphold incompetence, irresponsibility or waste. I believe very strongly that those of us saddled with responsibility of instituting the new federalism should be given sufficient time and a guarantee of continuity. We must be realistic. Special revenue sharing did not become a reality in the last session of Congress and there is no guarantee of success in this one. Another factor we must take into consideration with respect to the Better Communities Act, commonly known as special revenue sharing, is that to date the bill has not been presented and we do not know what is entailed. There are serious questions as

to whether or not, as a matter of national policy, certain thrusts such as citizen participation and civil rights enforcement which were developed over the decade of the sixties and carried out up to this point in the seventies will be continued.

In Toledo the administration's intention to reduce spending or eliminate programs will have several effects, not the least of which will be pressure on the local government officials to continue neighborhood oriented social action programs with local funds. As a mayor let me reiterate I am in harmony with the President's objective with replacing the least productive of the categorical grants with revenue sharing and giving power to making decisions to the local community. By the same token, this becomes indeed a very empty power when you share a disproportional burden and less money to deal with the same.

The proposed elimination of OEO funding is creating a situation reaching crisis proportions in our city. OEO programs in Toledo have been operated by a private nonprofit Community Action Agency. That agency, since its creation in 1965, has administered programs funded in total at \$28,006,828. Annually 26,000 or more of our citizens caught in the poverty syndrome have been served through those program activities. In addition to operating programs, the Community Action Agency has developed an outstanding capability in social welfare planning. In the opinion of my administration, the Community Action Agency has been constructive in its approaches to problem solutions and, in general, has been a creditable influence in our city.

We find ourselves now faced with the loss of \$4 million plus per year that are being pumped into our local economy, the loss of 554 direct jobs, the loss of an effective planning adjunct to Government and also the frustration of thousands of our residents.

Not unlike many of our sister cities, at the time OEO legislation was first enacted by Congress we knew that we must concern ourselves with the poverty-social welfare activities outside the providence of local government. The Community Action Agency, quite frankly, has served to shield city government from many needed demands of the poor. Having thusly shielded, Toledo city government did not develop staff capabilities in the social welfare arena. Discontinuing OEO Community Action funding now forces the city to respond to problems that historically have been left to others and to respond with the necessary moneys.

Once again I emphasize that we need sufficient time and a guarantee of continuity in order to make the transition. The State and Local Fiscal Assistance Act of 1972, better known as general revenue sharing, was heralded as being the deliverer of fresh new moneys to the communities. Again, not unlike other cities around the country, Toledo dedicated the larger portions of its first general revenue funds thus provided to the maintenance and/or the restoration of essential city services; for example: the police department, fire department, health services, and building inspection. Other funds were used to augment our capital improvement program.

After making these decisions we find ourselves now faced with a forced dedication of general revenue sharing funds to continue Community Action activities or for the development of alternative delivery systems. The indicated date for the demise of OEO programs in

Toledo is June 30. This, coupled with the recently announced early phase out of the Model Cities program, has developed a near crisis situation in our city. I can tell you that at this time that we are planning a transition strategy for both activities; we are developing a comprehensive plan for the delivery of human resources development services.

I want again to strongly emphasize the necessity for the continuation of these local efforts and the harmful effects which their curtailment will mean in terms of unrest and erosion of faith in the responsiveness in city government to legitimate citizen concern. As Americans we must reassess our priority and act responsibly to assure that the gains of the past remain intact and that we use them for a cornerstone of future growth.

In bringing this statement to a conclusion I would like to say that I have heard the comment by the executive branch of our Government that we have passed the urban crisis in our cities. Gentlemen, someone has their head in the sand. I can only invite those who believe that we have passed the urban crisis in our cities to walk the streets of Washington, D.C.; Detroit, Mich.; Cleveland, Ohio; and yes, even Toledo and other cities around the country and then indicate to me that the urban crisis is over.

I can assure you that we will have a housing problem in the city of Toledo, we still have crime on the streets, we still have a drug problem, we still have an employment problem that reaches 8 to 9 percent in our center city, a figure that must rise significantly with the proposed cutbacks that are now being dictated.

You know, I admit to you today that OEO programs and Model Cities programs have not been total successes but, gentlemen, I want to tell you right now that they are far from being total failures, too. In my opinion they have done much to upgrade the quality of human life for many who never knew what it was to live with a few of the better things in life. Also, these programs have brought to our country a resource of talented people that most of us never knew existed and I can only say that if the Federal Government feels that they can stop the hands of the clock or turn them backwards, they are sadly mistaken. If the problems that occurred in 1967, 1968 and 1969 reoccur, the blame must be placed at the footsteps of the Federal administration.

Thank you very much.

[Applause.]

Mr. HAWKINS. Thank you, Mayor Kessler, for a very excellent statement.

In this statement you did refer to a transitional strategy.

Mayor KESSLER. Yes, sir.

Mr. HAWKINS. Would you simplify that a little bit? What type of a transition strategy is it possible for a city such as yours to develop?

Mayor KESSLER. We are holding meetings I would say two and three times a week meeting with the people from the Community Action Agency to go over their programs, to evaluate their programs and make some type of decision as to if the eventual determination does come about of which ones we from the local element will be able to pick up with the funds that we now have. Fortunately, we have saved back some of our funds to be sure that some of these programs

that are very high priority will continue in the future. We are also talking with some of the people who have been in charge of these projects that if they come under the umbrella of the city of Toledo that we will bring on board some of these people who give us the greatest assistance. We have recently hired as our community development director the man who has been in charge of the OEO program for the past 4 years in the city of Toledo. It is this type of action that we thought was necessary in order to face the problems as we saw them coming down the road a few months ago.

Mr. HAWKINS. Are there any of these programs that you would classify as not being desirable or having been possibly wasteful, or are you merely cutting back on programs in some order of priority trying to at least save the most critical ones, the ones that you think have been or will be of greatest help to you locally? In other words, what criteria are you using? You would not be in the process of liquidating what you may call excessive fat, would you?

Mayor KESSLER. No. What we are trying to do or what we are in the process of doing is developing an evaluation component of each of the community action programs and then we will place a priority probably based on 1, 2, 3, 4, and on down the line.

As far as the money goes we will take the most important programs that service the most people. Needless to say, we will not be able to pick them all up in the long run. Our share of general revenue sharing for the city of Toledo is \$4.6 million. OEO has been funded at a level just in excess of \$4 million. As I have made comment in my statement, we have allocated about 60 percent of our moneys to upgrade our police department, fire department, and other personnel shortages that occurred during austere points in our government. Our police department, for instance, was down 10 percent and our fire department was down almost 10 percent as far as authorized personnel goes but we do have about 40 percent of our money that we are holding in abeyance seeing what shapes up out of Washington.

Mr. HAWKINS. This 40 percent is of Federal money?

Mayor KESSLER. This is general revenue sharing.

Mr. HAWKINS. That you are holding in abeyance?

Mayor KESSLER. Yes, sir.

Mr. HAWKINS. What is the financial situation of the city? Will you be able to increase local taxes in any way?

Mayor KESSLER. Well, our financial situation in Toledo is probably better than most large cities around the country. We ended in 1971-72 and will end 1973 with a balanced budget if the economy holds up. We have done an awful lot of balancing the budget through attrition of personnel, and eventually that hits you as far as service to your people. We have replaced that with the general revenue-sharing funds but our financial situation in Toledo at the present time is perhaps better than some of the other cities around the country.

Mr. HAWKINS. Among the programs that are being terminated, and one which, of course, is not within the jurisdiction of this committee per se, is the emergency employment program or the public employment program as it is sometimes called. Will this affect you in any way?

Mayor KESSLER. It very definitely will. We received under section 5 and section 6 and from additional systems in the State of Ohio approximately \$800,000 and had a total of about 170 people, 180 people

on this. If, for instance, they cut back on that, of course, in order to keep those people working we will have to dip in again to the general revenue-sharing moneys.

I understand that there is \$250 million additional EEA money that is possibly available to be dispersed this year in order to keep the programs going, keep the people working for a short period of time, or you will have the possibility of flexibility of using these moneys for Neighborhood Youth Corps and job slots for the summer program. I don't think that that is a real good alternative from the standpoint that you have to make a decision to lay off somebody who may be supporting their family in order to put some youngsters to work in the summertime. I can only urge you as you go back that we do need moneys for the recreational support program and for our NYC programs for this particular summer, particularly getting over this summer until we find out what happens in the area of special revenue sharing in the future.

Mr. HAWKINS. Thank you. Mr. Clay.

Mr. CLAY. Yes.

Mayor Kessler, in terms of your transitional strategy for the model cities programs being phased out, do cities like Toledo particularly have the financial capabilities of dealing with the kinds of programs that model cities was set up to deal with?

Mayor KESSLER. Mr. Clay, no, absolutely not, unless we come by it through special revenue sharing. There is no doubt that we could not handle that type of program. One of my main concerns about special revenue sharing at this time—and I say this here to you—is that somewhere along the way we have to make a decision on how to handle the social areas as far as special revenue sharing goes.

Unless there are some kind of guidelines earmarking specific funds for social programs such as OEO programs and model cities programs, I am afraid that that money will not go as it has in the past. When you talk about urban renewal and OEO and model cities you are talking about generally moneys that have gone into the older areas of town, generally moneys that have aided and assisted the poor people, the disadvantaged people. I am not sure that same kind of split will occur if there are not some type of guidelines to be conveyed when the legislation is ultimately passed. I just feel that the split will not be proportionate to where the need is.

Mr. CONYERS. Let me follow up on Congressman Clay's question because I don't get it. I mean I don't know where your city is any different from any other city. How are you going to save? You are going to take 40 percent that is going to revenue sharing and apply in some kind of transitional period toward the kinds of programs that are scheduled to be dismantled and yet the president of the National League of Cities who testified here this morning said that "The cities are going to lose somewhere in the neighborhood of \$4.1 billion."

Now when revenue sharing comes in, categorical programs go out; right, Mr. Mayor?

Mayor KESSLER. That is right.

Mr. CONYERS. So that this 40 percent is only a small fraction.

Mayor KESSLER. A drop in the bucket.

Mr. CONYERS. Let's make that clear.

Mayor KESSLER. A drop in the bucket.

Mr. CONYERS. As they say down in Washington, let's make that crystal clear, which usually means let's make it completely confusing. In other words, that is not going to even begin to deal with the problem that Toledo is faced with.

Mayor KESSLER. You are absolutely right. The only thing that I can say to that—there has been a lot of talk regarding special revenue—until we get the final legislation and know what that will amount to, then we will have a better idea what the picture is but presently if you take Urban Renewal and Model Cities and OEO and Open Space and all of these other things, we are getting \$16 million in the city of Toledo. I don't know how it is going to shake out, but if you tell me that I have got to do the same job with \$8 million that the Federal Government has not done with \$16 million, it can't get done, that is all there is to it. It can't get done.

Now I hear statements from the President and right on down the line that we are assured of money to equal the average of the last 5 years as far as all of these programs go. I will believe it when I see it. I will believe it when I see it. Like I say, Congressman, this is a drop in the bucket. You are talking about \$1,600,000 to handle all of these programs and it just won't work. I say that we can get by a certain period of time. When we know what happens on the Hill, then we will have a little better idea. We do have contingency plans to handle the immediate situation and yet even at the best they are not very good.

Mr. CONYERS. In your statement you speak of the effects the curtailment of these funds will have on unrest and respect and responsiveness to city government. Now many witnesses have come before our committee and talked about the potential for an explosive situation this summer. It is not that they are advocating such an explosive situation but because of their knowledge and relationship with the poor and their understanding of the attitudes of poor people they have been able to assess that there is a real potential for a kind of explosive confrontation this summer. Are you of the same opinion?

Mayor KESSLER. I think that is very definitely a possibility, sir, even in Toledo which basically we have a better situation than some of the other cities, but I think it is a definite possibility. In our city alone 2,000 youngsters through the NYC program and the educational support program and youngsters like that—you put 2,000 youngsters out on the street with absolutely nothing to do and absolutely no money in their pocket and you tell me that it is not going to cause problems in that community? No way. It is going to cause problems in that community and it is going to have a direct relation on the problems such as crime. We have got to keep these young people working. [Applause.]

Mr. HAWKINS. Mayor Kessler, apropos of that last statement we refer to the emergency employment money. Two years ago Congress voted this money into this program which was to terminate in July of this year. We appropriated 2½ billion dollars. Now according to testimony before this committee the Manpower Administrator, Paul Fasser, did indicate that \$1 billion of this has been saved; in other words, it has not been spent for the purpose for which it was intended during this period of time. So we come up to the date of July 1, 1973, with a billion dollars which has not provided the jobs although a lot of people are unemployed and I am sure there must be some in Toledo. A billion dollars has been saved.

Now this billion dollars which should have been spent already is now to be used by you and other officials across this country not for any continuation of that program. You are now asked to make a decision on whether or not you want to use it to phase out the original program or whether you want to use it possibly to prevent an explosion in the city.

Now if you don't use it for the Neighborhood Youth Corps and you have trouble in your city as a result of that, then perhaps you are going to be blamed for not having spent it for that. If you spend it for that and not for the original intent of the act or the unemployed adults and others who have families, you are going to be blamed for that.

Mayor KESSLER. Yes, sir.

Mr. HAWKINS. It just seems to me you are in an impossible position of trying to take a dollar and stretch it three or four different ways. I just wonder, how are you going to resolve this—you and other officials across the country—on the basis of the nonsense that we have been hearing about more money being voted for these programs when we know darn well that there is less money and that we are headed for trouble.

Mayor KESSLER. That is right.

Mr. HAWKINS. Would you comment on the responsibilities that you feel as a public official placed in that position by a country which is spending billions of dollars unnecessarily on a lot of things that we know to be nonsensical?

Mayor KESSLER. Yes, sir. I think it gets back to the question of impoundment as I see it, whether or not the Congress who makes the laws and passes and appropriates the money, as to whether or not the executive branch of the Government can break those laws by saying that you should not spend those moneys. No matter how you go, like you say, there is going to be push and pull for every dollar that comes out, and no matter which way you go you are going to be damned if you do and you are going to be damned if you don't, Congressman. That is the way it boils down.

I see what is happening in Washington right now and it concerns me greatly because I see somebody making an appeal to the large masses of the people about their taxes. In my particular opinion what is happening is that somewhere somebody is not meeting their responsibility, they are saying, "We are going to give you all of that local power at the local level and we are also going to give you the authority to raise those taxes, too, so you are the bad guy and I am not the bad guy." I can tell you there will probably be a tremendous change-over of councilmen and mayors around this country in the next couple of years if the Federal budget is allowed to pass, Congressman.

Mr. HAWKINS. Well, I think you are quite right. Mr. Clay says maybe a few Congressmen.

I think your statement has been very helpful to this committee, certainly, forthright and articulate. We certainly appreciate your testimony.

Mayor KESSLER. We could get into the Defense Department and I would like to get into that for about a half hour but maybe we better not. If we can spend a billion dollars for an aircraft carrier and another billion dollars for a Triton submarine, it seems as though we can spend some money to solve the cancer that exists in our urban cities today. [Applause.]

Mr. HAWKINS. Mr. Clay mentions one of the statements about the new F-15 fighter bomber that has had 54 breakdowns already and it is not yet completed.

I think the C-5A has cost us \$2 billion more than we had programed for. Now these are just two items. You mentioned the Triton which is also in the budget; it is also cutting the OEO. So we can talk about wasteful spending and all of that, but it is very obvious where the emphasis is.

Mayor KESSLER. I wonder, you know. If we can increase the Defense Department budget, you can't convince me that there is waste in OEO and Model Cities and urban renewal and that there is not waste in that Defense Department. Man, if we can cut these programs they can cut those programs, too, as far as I am concerned. [Applause.] We have got enough bombs in this country to destroy the world in a matter of hours. I don't know how far you can go with that kind of nonsense.

Mr. HAWKINS. Thank you again, Mayor Kessler.

Mayor KESSLER. Thank you very much for the privilege of being here.

[Applause.]

Mr. HAWKINS. Mr. Crawford, would you care to supplement the mayor's statement? Do you have a prepared statement?

Mr. CRAWFORD. Yes; I do, Mr. Chairman.

Mr. HAWKINS. This is not directed toward Mr. Crawford in particular, but may I ask when the witnesses do have prepared statements we would appreciate those statements being given to us and we will put them into the record in their entirety. We would hope that this afternoon we may try to summarize rather than read long statements so that as many of the witnesses as possible can be heard from. We can listen to just as many of you as we possibly can reach. We have 2 days of hearings, and it is a very difficult thing sometimes to hear everyone. We know that everybody's view is important in this particular controversy and we are trying to get through this long agenda.

Mr. Crawford, that was not directed at you, but as a public announcement of the plans to try to get as much testimony in as we possibly can.

Mr. CRAWFORD. Thank you, sir.

Mr. Chairman and Congressmen of the committee, my name is Don Crawford. I am from Dayton, Ohio.

I am grateful for this opportunity to present to you briefly and through you to your colleagues in the Congress some of the agonizing concerns of my city and other cities in my State. I speak primarily and basically to you today as chief of staff for the mayor and commission of the city of Dayton, but I am sure the committee would be interested in the fact that I serve at this point as president of the Ohio Municipal League and as such I reflect the general posture and judgment of all the cities and towns of the great State of Ohio.

As recently as Thursday of last week we had local, State, and county officials assembled in Columbus to listen and discuss with the Federal Regional Council of our region the issues to which this committee and this audience addresses its attention today, and I regret to say to you that we left that long day as we had come—distressed and disappointed. So for other cities, but primarily for Dayton, I speak to the committee.

In 1795 a group of Revolutionary War veterans traveled up from Cincinnati and started a new community at the confluence of three great rivers. From that modest beginning the city of Dayton, Ohio, has grown to encompass 40 square miles and a quarter million people, with the metropolitan area numbering some three-quarters of a million.

Over the years the Dayton community has been blessed with a prosperous local economy that has kept unemployment well below national averages and has provided high wages to Dayton workers. However, like so many older cities whose economies are based on manufacturing, our city today finds itself the victim of economic and demographic forces that are causing us to lose the most favored position we once enjoyed. Our industries are moving to the suburbs; our middle and upper income population—both white and black—is moving to the suburbs; and technological changes are eroding our heavy manufacturing economic base. Our city is becoming more and more the home of the poor, the black, and the elderly trapped there by the twin ravages of poverty and racism.

As a result, Dayton, like every other large city, finds itself in a struggle for survival.

In the period of 1960 to 1970 the population of Dayton declined nearly 20,000.

The nonwhite population of Dayton today is 81 percent; and because of racism in employment and education that sector is too often unemployed or underemployed and possessed with few skills to acquire employment.

In 1970 the level of health in our community produced a death rate of 11 percent, compared to a national rate of 9.4 percent and an infant mortality rate of 23 percent compared to a national rate of 19.8 percent.

Last year 81 Daytonians were murdered. In more than half of these homicides the victims were not killed by criminals but by relatives, friends or family members who were stretched past the breaking point by the ravages of poverty, racism and urban stress.

The unemployment rate in Dayton is 5.5 percent, among the black population it is 9.6 percent and among the youth it is 16.8 percent. In many instances in the real ghetto it exceeds 20 percent.

As I am sure you realize, I could go on and on citing similarly bleak statistics. President Nixon's assertion that "The urban crisis is over" does not ring quite true to those of us in Dayton and in cities across the country who contend with urban problems day in and day out.

Yet there have been some bright spots in recent years. One of the rays of hope has been the Office of Economic Opportunity's local efforts, organized in our case by the Montgomery County Community Action Agency. I cannot stress too strongly how much the city of Dayton supports and applauds Montgomery County CAP and its programs and their effectiveness.

The city of Dayton believes that the MCCA's programs have had a significant positive impact on the community and certainly deserve to be continued.

Some of the worthy programs and projects that the MCCA funds have supported include:

Neighborhood centers as an entry point for involvement into other MCCA projects.

Economic development projects directly providing jobs—including a special youth economic development program.

Job training—including youth silkscreen, a project teaching young workers the craft of silkscreen printing.

Countywide credit union for low income people.

Neighborhood and countrywide youth councils as well as youth-in-government projects which places young people on boards and agencies locally.

Countrywide food co-op.

Rehabilitation and self-help organizations, including such things as Ex-Cons for a Better Society, Domestic Workers, Vietnam Veterans.

Senior Citizens Council—advocates for low-income elderly.

Providing staff and technical assistance for the planned variations neighborhood priority boards, the welfare rights organization and local tenants groups. The CAP has provided invaluable assistance to the board of education in our city in coping with racial conflict in our schools.

These and other Community Action Agency programs and projects representing an OEO commitment of almost \$2 billion this year and directly involving 204 MCCA employees will be lost to Dayton if the President succeeds in abolishing OEO. I submit that this is a blow that Dayton and other cities can ill afford.

In our alarm we should not forget to consider the plight of OEO programs other than Community Action based programs. In Dayton these include legal services and Head Start. The President claims that such OEO non-Community Action programs will be preserved by transfer to other departments, yet news reports indicate that some of these programs, particularly legal services, may actually be in considerable jeopardy. The city of Dayton, as others, would consider any cutback in these programs, as well as the demise of Community Action, frankly unconscionable.

In his budget the President states that :

Community Action has had an adequate opportunity to demonstrate its value to local communities. Little justification for continuing separate categorical funding can be identified. Evidence is lacking that Community Action Agencies are moving substantial numbers of people out of poverty on a self-sustaining basis. If the constituencies of individual communities desire to continue providing financial support to local Community Action Agencies, general and special revenue sharing funds could be used.

As I believe I have indicated sufficiently above, Dayton agrees that there has been adequate time for Community Action Agencies to demonstrate their value. As I have also indicated, I hope, Dayton, apparently unlike the gentleman sitting in the White House, believes that the programs are indeed valuable and have proven their worth and endorses them wholeheartedly. We strenuously object to the administration's premise that OEO is of little value.

-We also contest the administration's apparent belief that local communities have the financial resources to sustain Community Action Agencies if they wish to do so. Given a choice, there is little doubt that the city of Dayton would provide funds to the MCAA rather than let it die. Unfortunately, gentlemen, there is not a matter of choice involved. Dayton simply does not have the money.

The city of Dayton has been operating under an austerity program for 3 years now. Even the most basic city services that have been cut

to a minimum. More than 500 city employees have been laid off out of a total city work force of only 3,000. President Nixon's assertion that the urban crisis is over simply does not stand up in light of these kinds of facts. The President apparently considers the crisis over merely because there have been no major urban riots of late—in recent weeks is what I mean. Actually, the existence of the continuing urban crisis is revealed in the simple fact that cities such as Dayton do not have the capacity to deliver adequate, normal city services to their citizens. In many of most large cities the tax base is simply not sufficient to deal with the mammoth urban problems of today.

The main point is that, in light of austerity, Dayton cannot take up the slack to preserve the Montgomery County Community Action Agency although the city feels it is worthwhile and would do so if it were financially possible. The President mentions general and special revenue sharing as possible sources of funds but these sources are not viable alternatives under the circumstances. Aside from the issue of the contradiction between his OEO budget statement and his earlier statement that general revenue sharing was "new money" and would not be a substitute for previous categorical programs, Dayton's general revenue sharing money is not available for Community Action Agencies because Dayton has applied its revenue sharing money to easing—not eliminating but simply easing its austerity program which was tearing it apart at its heart.

Even with the addition of this money to provide basic city services, these services have still not regained per 1970 levels and for some time to come. Austerity is still a fact of city life even with general revenue sharing. As for special revenue sharing it seems clear that, if it is enacted, we will be doing well to merely offset, in the various special revenue-sharing areas, the Federal money that will be and has been lost due to the termination of existing categorical grants. It should also be noted that these areas proposed for special revenue sharing are particularly strapped for funds now since the block grants, if enacted, will not become effective until July 1974 while most of the categorical programs they are to replace are already frozen or sharply cut back. It obviously will be a painful, if not impossible, transition.

The upshot of all this is that Dayton objects to the administration's determination to eliminate OEO and Community Action agencies. Furthermore, Dayton rejects as woefully naive—to be kind—the administration's assumption that local communities are in a financial position to preserve local Community Action agencies if they so desire.

I hope the subcommittee will now permit me to shift gears abruptly and address another issue relevant to this subcommittee and its parent committee briefly. In light of the massive publicity currently being showered on hundreds, if you will of the returning POW's, which they deserve, I am concerned that we not forget the other veterans of the recent conflict. While wining and dining the returning POW's (which, I must hastily add, I certainly believe they deserve), the administration is attempting to cut veterans' benefits in several areas.

The administration budget contained two provisions adverse to veterans:

(1) The first was the proposed "refinement" of the veterans' disability payment schedule, cutting it in some instances from a 90-percent level to a 40-percent level.

(2) The second adverse budget cut affecting veterans relates to the administration's elimination of the budget for the veterans' cost of instruction provision of the Higher Education Act as you know for which \$25 million was made available in fiscal year 1973 but has been impounded. There is no fiscal year 1974 budget request for this program; its projected program level was \$180 million in fiscal year 1974 and subsequent years.

As a result of these benefits, the 3,125 student veterans in Dayton area colleges and universities could have received about a million dollars during fiscal year 1973 had it not been for Presidential impoundments. In fiscal year 1974 these student veterans will receive nothing for this program, which is obvious.

One final issue I would like to raise with this subcommittee and one, I might add, that is also crucial to the veterans, is that of employment or, more pertinently, unemployment. The city of Dayton is distressed by the administration's decision not to request an extension of the Emergency Employment Act and its failure to make budget requests for summer youth employment programs. As I mentioned earlier, unemployment in Dayton is running at a rate that is high for all of our people but particularly high for the black and the young of 5.5 percent. It is particularly severe among the black (9.6 percent) and the youth (16.8 percent).

Despite this state of affairs, however, Dayton is faced with the prospect of the loss of almost \$2.6 million in the public employment program and the Neighborhood Youth Corps summer program from fiscal year 1973 to fiscal year 1974. Last year, our city employed 1,500 disadvantaged over the summer months under the Summer Neighborhood Youth Corps program. I cannot stress too strongly the critical nature of a summer youth employment program to our city and other cities in the State and across the Nation. If we are to be expected to maintain order in our Nation's cities, we simply must have the financial assistance to keep those children meaningfully employed rather than roaming the streets, frustrated, during this summer and the winter that follows.

In addition to the elimination of these two programs, the administration plans to administratively create manpower special revenue sharing with a national funding level that represents a cut of more than 20 percent from the fiscal year 1972 level for the included programs.

The cities are in a position to cope with neither the loss of Federal manpower money nor the unrest that the resulting lack of jobs will create. The city of Dayton hopes that the Congress will assert its authority and maintain the public employment program and summer youth programs regardless of the President's objections. I would also hope that this committee would not overlook the public employment aspect of many of the other programs, particularly Community Action agencies, that the President's budget contemplates either cutting back or eliminating.

As I am sure you are aware, public sector employment has been an entry point for many blacks to full-fledged participation in our economy. Many of the programs the President would end have been successful in breaking down the barriers of racial discrimination in employment at city halls. In 1960, only 5 percent of the city's work

force was black. Today that figure has risen to over 20 percent. It appears to me that once again black people, having found a way to use "the system" as the rest of America, are going to have another avenue for economic opportunity sealed off.

I have dealt here with the issues of the OEO, manpower and veterans' benefits, but that was only because they were the most relevant to this hearing. Other budgetary areas could be cited as alarming and ill-advised. Of particular note, for instance, would be health care, housing, and community and rural development. In order to document some of the issues discussed earlier as well as these other areas of concern, I have included in your packet for the record a recent study of the impact of the fiscal year 1974 budget on Federal programs in Dayton and also an informal resolution passed by Dayton's City Commission, or city council if you please, "objecting to the decision by the President of the United States to decrease funds in needed and necessary human service programs."

I believe that the effort to abolish OEO signals the end of an era. This agency, as we all know, was established to serve as an advocate for the poor, the command center of the war on poverty. Its sole purpose is to attempt to serve the needs of the disadvantaged. Now it is proposed that OEO be abolished, most of its programs discontinued and some claimed that some will be shunted to other agencies. This represents both a symbolic and a real retreat from a commitment to assist the poor. Even the programs that may be preserved will no longer have the same status, since they will be operating in agencies that are not solely, or even primarily, oriented or dedicated towards eliminating poverty.

The administration's proposed budget runs the gamut from eliminating OEO to requiring poor people who cannot afford it to shoulder the first day's cost of medicare. As the president of the Ohio Municipal League and speaking for Mayor McGee of Dayton, Ohio, I must say that I regret and deplore the callous nature of this budget and I only hope that the Congress can succeed in restoring a degree at least of compassion and reasonableness to it.

Mr. Chairman and gentlemen, I thank you. [Applause.]
[Additional written material follows:]

THE IMPACT OF THE FISCAL YEAR 1974 BUDGET ON FEDERAL PROGRAMS IN DAYTON

The impact of the Administration Budget on the City of Dayton should be discussed in three areas:

1. Impoundment of funds from fiscal year 1973.
2. Administration proposed fiscal year 1974 budget.
3. The creation of Special Revenue Sharing.

I. IMPOUNDMENT OF FUNDS FROM FISCAL YEAR 1973

On January 5, 1973, the administration froze HUD's Community Development and Assisted Housing Program. This action has caused a loss of approximately \$2.3 million in open space, water and sewer and code enforcement programs for which the City of Dayton had anticipated funding in FY 73. Miami Valley Regional Planning Commission has estimated that a minimum of 1,125 housing units in the region and 283 units in the City will also be lost because of the moratorium.

II. ADMINISTRATION FISCAL YEAR 1974 BUDGET

Law enforcement

There is a 4% increase in the Administration Budget nationally and should have no demonstrative impact on programs funded through LEAA in terms of

dollars. However, the administration's inclination to move away from the "discretionary" grants programs may ultimately result in the elimination of some of the City's experimental law enforcement efforts.

Manpower

The City of Dayton will lose \$2,596,267 through the proposed elimination of the Public Employment Program and the Summer NYC. Further, the President proposes "administratively" creating Manpower Special Revenue Sharing. The proposed appropriation for the FY 74 Manpower Budget, however, is down 13.5% over FY 73, and down some 20% from the FY 72 level. Therefore, we face an additional potential loss of \$925,400 in manpower programs, prepared for consolidation into "Manpower Special Revenue Sharing."

Drug abuse

The Administration Budget shows an overall increase in drug related programs. It is further proposed that the treatment programs be transferred to the National Institute of Mental Health (NIMH). At stake are a total of \$375,000 in drug treatment programs currently operating in Dayton which will be transferred from LEAA to NIMH with no guarantee of NIMH funding.

Community development

In addition to impounding money in mid year FY 73, the President's Budget seeks no appropriation for Community Development Programs in FY 74. Though the budget does propose a program of "Community Development Special Revenue Sharing", it is not scheduled to become effective until FY 75 (July 1, 1974). The budget makes the presumption that cities can "survive" the 17-18 month hiatus with no additional assistance during the FY 73-74 transition period. When weighed against the FY 73 anticipated program level the absence of a FY 74 budget will cause a loss of \$11.2 million in needed assistance for these activities in Dayton in FY 74.

OEO

OEO is being totally dismantled and federal support in being discontinued. There is no request for funds in FY 74. This means a loss of \$1.9 million to the Montgomery County Community Action Agency for their on-going programs, Legal Aid and Ombudsman programs.

Veterans

The Veterans Cost of Education provision of the Higher Education Act has been abolished in the administration budget. There is no FY 74 budget request for this program whose *projected* program level was \$180 million in FY 74 and subsequent years. At a time when so many veterans are returning to an already tight job market this will mean that many more will be unable to acquire higher education.

Education

The Administration is proposing folding most education programs into Special Revenue Sharing for Elementary and Secondary Schools. It is however, impossible to estimate the total amount of funds coming into Dayton to be folded in because of the high level of State support for Vocational Education programs.

III. THE CREATION OF SPECIAL REVENUE SHARING

The proposed "Special Revenue Sharing" called for in the President's Proposed Budget is not revenue sharing in the sense that we have been using that term in connection with the general revenue sharing measure which passed Congress last year.

Instead it is a concept of grant consolidation which would provide for the merging of several existing categorical grant-in-aids into a single block grant to be allocated to the units of local general purpose government on a formula basis. An application would be required and funds would be used by those governments for the defined, consolidated and eligible activities, in accordance with local priorities.

The Administration will present Special Revenue Sharing legislation for Community Development, Law Enforcement, and Education.

In addition they have said that they would "administratively" create Manpower Special Revenue Sharing.

SUMMARY--EFFECT OF FEDERAL BUDGET CUTS ON ON-GOING FEDERAL PROGRAMS IN DAYTON, FISCAL YEAR 1973 (LAST HALF) FISCAL YEAR 1974

	Percentage cut	Amount lost
Manpower.....	37	\$3,521,667
Community development.....	63	\$11,202,125
Assisted housing.....	100	11,813
Veterans Higher Education Act.....	(*)	\$937,500
OEO.....	100	\$1,900,000

1 Units.
2 Partial.

MANPOWER

The Administration will not ask extension of the Emergency Employment Act, which would wipe out the Public Employment Program (PEP). The President wants to create Manpower Special Revenue Sharing, but he plans to do so administratively rather than seek Congressional authority. The Budget asks for no summer youth program funds, saying that cities will have to fund such efforts from Special Revenue Sharing.

NOTE: Total national budget request for FY 74 is 18.5% below the anticipated FY 73 level.

Further, the FY 73 appropriation was vetoed by the President and parts of the funds withheld. The accurate comparison therefore, would be between the FY 74 request and the FY 72 expenditure which represents a cut in excess of 20%. These cuts when taken together with the elimination of the PEP Program and Summer NYC represents an overall reduction of 53% in funds available for job creation and manpower programs.

PROGRAMS ELIMINATED IN FISCAL YEAR 1974

Program/Federal agency	Local operating agency	Total funds fiscal year 1973	Number of employees	Number of program participants	Total funds fiscal year 1974
Public employment program, sec. 5/DOL.	City of Dayton.....	\$1,567,505	73	.....	0
Public employment program, sec. 6/DOL.	.....do.....	471,722	0	33.....	0
NYC—Summer/DOL.....	Board of Education....	557,040	38	1,320—1964.....	0
Total.....		2,596,267			0

PROGRAMS ORGANIZED INTO REVENUE SHARING

Public Service Careers/National Civil Service.	City of Dayton.....	80,000	5	51—entry.....	(1)
Urban Corps/HEW.....	.....do.....	737,500	2	33—upgrade.....	(1)
				300 academic years..	(1)
Concentrated employment.....	CMC.....	1,200,000	47	450 summer.....	(1)
Program/DOL.....	City of Dayton.....	438,000		742.....	(1)
Health Horizons Inc./HEW.....	Health Horizons, Inc....	205,000	13	105.....	(1)
New Careers.....	CMC.....	318,930	4	157.....	(1)
Urban League LEAP/DOL.....	Dayton Urban League..	62,000	3	200.....	(1)
Garfield Training Center/DOL, HEW.	Board of Education....	934,000	40	285.....	(1)
Job Corps No. 8, OBES/DOL.....	Ohio Bureau of Employment Service.	n/a		400.....	(1)
(Jobs) NAB/DOL.....	National Alliance of Businessmen/OBES.	250,000	1	3,800 (age 16-20)....	(1)
Jobs—Optional program (O-J-T) NAB/DOL and State Employment Bureau.	NAB/OBES.....	92,000	1	70 contracts each of which serves 1-3 people.	(1)
Urban League O-J-T.....	Dayton Urban League..	242,317	4	209.....	(1)
NYC II/DOL (out of school).....	City of Dayton.....	479,400	12	141 slots.....	(1)
NYC/Inschool/DOL.....	Board of Education....	192,500	13	259-330.....	(1)
Operation Mainstream Senior Aides/DOL.	Senior Citizens Center..	161,000		62.....	(1)
Rehabilitation Services and Facilities Basic Support/HEW.	Rehabilitation Services Commission.	1,250,000		1,750.....	(1)
Rehabilitation Training Human Rehabilitation Center/LEAA, City of Dayton.	City of Dayton.....	110,000		250 weekends, 150 weekends.	(1)
Talent Search/HEW.....	CMC.....	37,000		1,000.....	(1)
C.A.M.P.S./DOL.....	City of Dayton.....	44,180			(1)
Total.....		6,854,827			4 5,929,427
Grand total, fiscal year 1974.....		9,451,194			5,929,427

1 Block grant.

2 Approximate.

3 CMC/HUD.

4 13.5 percent decrease.

DRUGS

Drug projects presently funded by LEAA anticipated to be transferred to National Institute of Mental Health.

Funding levels will be about the same in FY 74 as in FY 73. Prevention activity responsibility will be assumed more and more by the National Institute of Mental Health (NIMH). Spending on Law Enforcement will go up.

Program/Federal Agency and local operating agency	Total funds, fiscal year 1973	Number of employees	Number of program participants	Total funds, fiscal year 1974
LEAA:				
DACADA ¹	\$34,000	3	250	(²)
Combined health district.....	120,000	10	800	(²)
Project Cure.....	88,000	7	1,000	(²)
East Dayton Halfway, Inc.....	54,000	5	40	(²)
Riff Raft, Inc.....	38,000	3	30	(²)
Dayton Encounter.....	28,000	3	30	(²)
United Health Foundation.....	15,000	2	2,000	(²)
Total.....	375,000	35	4,150	(²)

¹ \$268,000 for fiscal year 1974 has been applied for under LEAA block grant but guidelines were changed at the regional level to not fund on-going projects.

² Block grants.

Housing and community development

The budget for the Department of Housing and Urban Development (HUD) is down 86% in new appropriations requested and 26% in new program commitments from FY 73. Urban renewal, Model Cities, open space, neighborhood facilities, rehabilitation loans, basic water and sewer grants, and public facility loans all are proposed for consolidation into what the President calls Urban Community Development Revenue Sharing. Until the enactment of Special Revenue Sharing, however, the cupboard is bare; no new commitments will be approved after January 5, 1973 for open space grants, basic water and sewer grants or public facility loans. These categorical programs are, in effect, already terminated. The neighborhood facility grant program will be terminated on June 30, 1973.

There is no new money in the FY 74 budget for Model Cities; the urban renewal budget request dropped from \$1.4 billion in FY 73 to \$137 million in FY 74. The budget asserts, but is not sufficiently detailed to substantiate, that there will be enough money in the pipeline to support urban renewal (Neighborhood Development Program) and Model Cities until the Special Revenue Sharing block grant program is to begin in July, 1974.

Sec. 701 Comprehensive Planning funds, a mainstay of regional councils, will be funneled through Governors rather than going directly to cities and metropolitan areas.

The budget shows no funds available for new housing commitments in the next 17 months. Included in the moratorium on housing funding are public housing, rehabilitation loans and the Section 235 and 236 FHA interest subsidy programs. It is impossible to put a dollar figure on the impact of this freeze on Dayton. Perhaps the best measure of its impact is the number of units frozen. There are 288 FHA-subsidized units (Section 235 and 236) frozen in the city and a total of 960 FHA-subsidized units and 165 public housing units frozen in the immediate area. The FY 74 budget requests no new contract authority for Section 235, 236, and rent supplements; the public housing production request is down 80%, but even this amount is simply to meet previous commitments, not new commitments.

The following tables are fairly self-explanatory. Table I compare Dayton's community development grants for the current fiscal year and the next two fiscal years. Table II compares new housing commitments for FY 73 and FY 74. Table III simply lists community development grants received during FY 73, while Table IV lists grants expected that were lost due to the termination of the grant programs. Table V is a listing of the area housing projects frozen by the federal housing moratorium.

TABLE I.—HUD COMMUNITY DEVELOPMENT GRANTS IN DAYTON COMPARISON OF FISCAL YEARS 1973 AND 1974

Category	Fiscal year 1973 grants	Fiscal year 1973 funds lost due to freeze	Fiscal year 1973 total anticipated program level	Fiscal year 1974 funding	Fiscal year 1975 funding
Open space.....	642,000	268,625	910,625	0	(1)
Water and sewer.....	0	1,400,000	1,400,000	0	(1)
Neighborhood facility.....	450,000	0	450,000	0	(1)
Neighborhood development.....	5,000,000	0	5,000,000	0	(1)
Code enforcement.....	1,300,000	666,500	1,966,500	0	(1)
Model Cities inner-west.....	2,900,000	0	2,900,000	1,425,000	(1)
Planned variations.....	5,200,000	0	5,200,000	5,200,000	(1)
Total.....	15,492,000	2,335,125	17,827,125	6,625,000	(1)

¹ Block grants.

² Though in principle Dayton favors the creation of a block grant for community development purposes, it is not clear what level of funding Dayton might receive in fiscal year 1975. The fiscal year 1975 proposed national budget request compares favorably to the prefreeze fiscal year 1973 level, however, it will be incumbent upon the city to work with the Congress to insure that the allocation formula is responsive to Dayton's needs. Irrespective of how closely we work with the Congress in this regard, it is nevertheless clear that Dayton's block grant will not equal the current program level.

TABLE II.—NEW FEDERAL HOUSING COMMITMENTS: COMPARISON OF FISCAL YEARS 1973 AND 1974

	New com- mitments made, 1973	New com- mitments expected, but frozen, 1973	Total new commitments expected, 1973	New com- mitments expected, 1974
FHA subsidized units in city.....	0	283	283	0
FHA subsidized units in area (excluding city).....	288	677	965	0
Public housing units in city.....	200	0	200	0
Public housing units in area (excluding city).....	200	165	365	0
Total units.....	688	1,125	1,813	0

TABLE III.—HUD COMMUNITY DEVELOPMENT GRANTS PROJECTS FUNDED—FISCAL YEAR 1973

Program/project	Project operator	Federal grant
Open space grants:		
Downtown Mall.....	City of Dayton Plan Board.....	\$250,000
Western Hills Park.....	City of Dayton, Division of Parks.....	97,500
Wesleyan Road Park.....	do.....	200,000
Cleveland Park.....	do.....	84,500
Total.....		642,000
Water and sewer grants: None.....		0
Neighborhood facility grants: East Dayton neighbor- hood facility (total). Model Cities grants:	City of Dayton, Department of Human Resources.....	450,000
Inner west.....	City of Dayton.....	2,900,000
Planned variations.....	do.....	5,200,000
Total.....		8,100,000
Neighborhood development grants (including reha- bilitation grants): Neighborhood development program (total). Code enforcement grants: Middle Riverdale code en- forcement program (total.)	do..... City of Dayton, Department of Community Develop- ment.....	15,000,000 1,300,000

¹ This amount will all come from fiscal year 1973 budget, but it will be used for both the 3d and 4th years of NDP.

² This amount represents the 3d year installment of a 3-year \$3,790,271 grant.

TABLE IV.—COMMUNITY DEVELOPMENT PROJECTS FOR WHICH FUNDING WAS EXPECTED WHICH WERE ELIMINATED BY THE FUND FREEZE ON JAN. 5, 1973

Program/project	Project operator	Federal grant
Open space grants:		
Roth Community Park.....	City of Dayton, Division of Parks.....	\$ 95,000
Riverview swimming pool.....	do.....	75,000
Burkham swimming pool.....	do.....	75,000
Fairlane Park.....	do.....	23,625
Total.....		268,625
Water and sewer grants:		
Northward waterline (Vandalia).....	City of Dayton, Department of Water.....	750,000
Dayton-Liberty Rd. waterline.....	do.....	350,000
Southwest sewerline.....	do.....	300,000
Total.....		1,400,000
Code enforcement grants: Five Oaks concentrated enforcement program (total).	City of Dayton, Department of Community Development.	666,500

TABLE V.—AREA HOUSING PROJECTS EXPECTING FEDERAL SUPPORT NOW FROZEN

Project or site	Federal support	Units
McLin Village (Dayton).....	FHA subsidy.....	180
Young Estates (Dayton).....	do.....	103
Kettering.....	do.....	207
Xenia.....	do.....	100
Vandalia.....	do.....	162
Miamisburg.....	do.....	160
Eaton.....	do.....	48
Germanatown.....	Public housing.....	50
West Carrollton.....	do.....	65
Yellow Springs.....	do.....	50
Total units.....		1,125

OFFICE OF ECONOMIC OPPORTUNITY

OEO is being dismantled and Federal support for local Community Action operations discontinued.

There is no request for funds for the Office of Economic Opportunity for FY 74. Rather, some segments of the OEO Program are being transferred to other agencies. Community Action operations, which have used the largest portion of the OEO Budget, becomes a "local option," for which no categorical Federal funds will be available.

Program/Federal agency and local operating agency	Total funds, fiscal year 1973	Number of employees	Number of program participants	Total funds, fiscal year 1974
OEO: MCCA.....	\$1,900,000	200	75,000	0

VETERANS

The Administration budget contained two provisions adverse to veterans.

I. The first was the proposed "refinement" of the Veterans Disability Payment Schedule cutting it in some instances from a 90% level to a 40% level. This proposed cut of \$160 million would have been accomplished through a reduction in the actual payments made to disabled veterans. The administration proposal, for

example, would have reduced the payment for a vet who lost a leg at the hip from the current level of 90% of \$275 per month to a proposed 40% rating and payment of \$108 per month, a monthly loss of \$169 for a single vet. Though this *method* of accomplishing the proposed \$160 million veterans benefit cut has been "withdrawn" by the administration, the amount of the projected cut still remains with its method of accomplishment unclear.

II. The second adverse budget cut affecting veterans relates to the Administration's elimination of the budget for the Veteran's Cost of Instruction provision of the Higher Education Act, for which \$25 million was made available in FY 1978 but have been impounded. There is no FY 1974 budget request for this program whose projected program level was \$180 million in FY 1974 and subsequent years.

This budget cut has special relevance to Dayton (and all other Ohio cities) which goes to the very reason this law was enacted. Viet Nam veterans are not using their GI bill as extensively as World War II and Korea Vets did. One of the contributing factors to this low usage of the GI bill is that past GI bill benefits paid tuition directly to institutions, thus making it advantageous for both public and private universities and training institutes to attempt to work with veterans to help them utilize their GI bill rights. The current GI bill, however, simply provides a basic \$220 per month payment to the GI, which is supposed to cover all housing, tuition, and other costs. With tuition, cost of living, etc., being what it is, this in effect makes it impossible for the veteran to attend anything other than public tuition free institutions. Further, since there is no assistance given to the institutions directly, most institutions do not have the financial resources to establish the counseling and special service programs for veterans which are necessary if the veterans are to be able to fully utilize their GI Bill.

The Higher Education Act would have provided direct payments to institutions which increased their veteran enrollment by 10%. The act, which was passed last October is aimed at increasing the ability of returning GI's to utilize their GI Bill by assisting the universities in deferring their education costs. The proposed payments to the institutions would have been \$800 per veteran student, plus an additional \$150 per veteran enrolled in remedial courses.

The following table projects the potential revenue to the Dayton area universities based on current enrollment.

Program/Federal agency	Local operating agency	Student/veterans	Total funds, fiscal year 1973	Total funds, fiscal year 1974
High Education Act (veterans cost of instruction provision).	Area colleges and universities including: Wright State, University of Dayton, Wilberforce, Sinclair, Central State.	3,125 (currently enrolled in area universities).	\$937,500	0

¹ The potential total fiscal year 1973 funds which have been impounded is based on a very conservative estimate derived by multiplying the total number of student/veterans currently enrolled in area schools times a per pupil payment of the school of \$300. Because of the President's budget cuts and impoundments, these funds will not be available.

EDUCATION

Education funding levels will be cut \$277 million. Title I of Elementary and Secondary Education Act (ESEA)—targeted on disadvantaged children—aid to Federally-impacted school districts, vocational education, and some other programs are to be "folded into" what the Administration calls Education Special Revenue Sharing (grant consolidation). Library Services aid is to be ended. Head Start will be somewhat increased. Follow Through will be phased out.

PROGRAMS ELIMINATED IN FISCAL YEAR 1974

Program/Federal agency and local operating agency	Total funds, fiscal year 1973	Number of employees	Number of program participants	Total funds, fiscal year 1974
Follow Through/HEW: Board of education.....	\$733,000.00	100	1,050	.....
College library resources/HEW:				
Wright State.....	60,000.00	.....	200,000	.....
University of Dayton.....	7,000.00	2	12,000	.....
Sinclair Community College.....	6,000.00	.....	.....	.....
EOG/HEW:				
Wright State.....	274,000.00	.....	400	.....
University of Dayton.....	.....	.....	.....	.....
Sinclair Community College.....	355,761.00	4	304	.....
National defense student loans/HEW:				
Wright State.....	522,000.00	.....	1,200	.....
University of Dayton.....	.....	.....	.....	1,200.00
Sinclair Community College.....	205,842.00	4	272	.....
Research/D.D.: ¹				
Wright State.....	368,000.00	.....	75	.....
University of Dayton.....	.....	.....	.....	.....
Sinclair Community College.....	0	.....	.....	.....
College work study:				
Wright State.....	484,000.00	.....	600	.....
University of Dayton.....	.....	.....	.....	.....
Sinclair Community College.....	241,957.00	4	304	.....
Assessment and placement model/title III--HEW: Dayton				
Board of Education.....	17,000.00	.....	200	.....
PPBES/HEW: Board of Education.....	140,000.00	9	.....	.....
Citywide testing (4) grade levels/HEW: Board of Edu-				
cation.....	8,500.00	.....	.....	.....
Adult basic education/HEW: Board of education.....	87,706.00	.....	565	.....
Library resources title II/HEW: Board of education.....	84,629.00	.....	46,731	.....
Title VI construction equipment: Wright State University..	27,000.00	.....	600	.....
Total.....	3,622,395.00	.....	.....	.....
Programs organized into revenue sharing:				
Career development/HEW: Board of education.....	240,240.00	30	11,620	.....
Careers opportunities/HEW: Board of education.....	599,903.44	.....	55	.....
Daytime center for girls/HEW: Board of education.....	124,864.04	8	100	.....
Enhanced education preparation: Board of education.....	26,014.86	1	519	.....
Family living home economics/HEW: Board of edu-				
cation.....	60,000.00	17	525	.....
Title I ESEA: Early childhood education/HEW: Board				
of education.....	1,525,105.36	164	1,450	.....
Vocational education physically handicapped/HEW:				
Board of education.....	1,916.03	15	242	.....
Manpower development HEW: Board of education.....	518,636.00	12	200	.....
Vocational exploration experience and training/HEW:				
Board of education.....	174,042.00	5	800	.....
Vocational work study/HEW: Board of education.....	147,447.82	2	250	.....
Educational professional training/HEW: Miami				
Valley Consortium.....	38,000.00	180	200	.....
EPDA/HEW: University of Dayton.....	30,000.00	.....	.....	.....
Federal impacted school districts: Board of education..	688,000.00	.....	400	.....
School lunch program FA: Board of education.....	130,000.00	125	30,000	.....

¹ Bulk of research funds come from the Department of Defense. However these projects contain funds from numerous other sources (example HEW).

² Estimate.

AN INFORMAL RESOLUTION OBJECTING TO THE DECISION BY THE PRESIDENT OF THE UNITED STATES TO DECREASE FUNDS IN NEEDED AND NECESSARY HUMAN SERVICE PROGRAMS

Whereas, The President's budget, presented to the Congress on January 29, 1973, increased requests for defense, and decreased requests for funds for human service programs; and

Whereas, The effect of the budget will be the reduction of the capacity of cities throughout the nation to meet human needs; and

Whereas, The new budget will give to the cities greater decision making powers, but fewer resources to carry out those decisions; and

Whereas, The Office of Economic Opportunity will be dissolved with no provisions for continuing the much needed Community Action Programs, with the result that the East, North and West Dayton Self-Help Centers and many Montgomery County Community Action Agency programs funded through private agencies, involving approximately 400 jobs, will have to be terminated by June 30 this year; and

Whereas, The moratorium on subsidized housing and site selection criteria will almost eliminate the ability of cities to construct new housing; and

Whereas, The funds for Federal aid to education will be significantly decreased, with a disproportionate decrease in compensatory education program and Head Start services; and

Whereas, The President's Budget Message phases out the highly successful Emergency Employment Program and also phases out the Neighborhood Youth Corps, which provides year-round jobs for 163 of Dayton's disadvantaged youths, and which employed 1,400 Dayton youths last summer; and

Whereas, The Federal government, through the Congress, has recognized the need for providing a wide range of health services to protect the health and safety of the people, and provided financial support for many programs above and beyond that which municipalities can provide, the termination of such funding can, bring about a life-or-death situation for thousands of our citizens through lack of medical care, or failure to control communicable disease; now, therefore be it

Resolved by the commission of the city of Dayton :

1. That the Mayor and Members of the Commission of The City of Dayton hereby urge the President of the United States to take appropriate action to cancel the proposed budget changes which would decrease funds for the above-mentioned human service programs.

2. That the Congress of the United States is urged to assure appropriations sufficient to maintain a level of funding sufficient to carry on these urgent programs; that Congress assure an orderly transition to any new approaches to funding urban programs to avoid disruption in continuity of service to people; that Congress insure by appropriate legislation that the present revenue sharing program not be implemented at the expense of the present individual grant-in-aid urban programs.

3. That any future additional revenue sharing programs will not replace presently existing individual urban programs and will not reduce the level of funding now available to cities, but will increase the level of funding urgently needed to avoid the decay of the city.

4. That a copy of this Resolution be sent to the President of the United States, the Director of the United States Office of Management and Budget, and to all members of the Ohio Delegation to the United States Congress, and that the members of the Ohio Delegation to Congress be urged to spare no effort to achieve the purposes of this Resolution.

Adopted by the Commission February 28, 1978.

DON L. CRAWFORD,
Clerk of the Commission.

Approved as to form and legality.

JAMES E. DRAKE,
City Attorney.

Mr. HAWKINS. Thank you, Mr. Crawford, for a very excellent statement.

May I ask you about the Ohio Municipal League. Does this include the different municipalities in Ohio? What is the composition of the league?

Mr. CRAWFORD. That is correct, Mr. Chairman, it does include the cities and villages of the State of Ohio and our participating membership is rather broad and inclusive.

Mr. HAWKINS. Are the views that you presented today a reflection of the league or are they merely—

Mr. CRAWFORD. No; they are a reflection of the league's posture and position. I do not have a formal statement from them but as I mentioned earlier on Monday of last week the major cities in our State, as from the remainder of the region in which we are now located, met in Chicago with the Federal regional council people and on Thursday the smaller cities of the State met in Columbus with the same regional council people. The reaction there as well as a resolution that has not had an opportunity to be formalized by our board of directors has received at least a perfunctory approval. All the participating municipalities and the concern, the agony, the distress and the unhappiness with what seems to be our lot is pretty universal in Ohio as well as Dayton.

Mr. HAWKINS. The reason I ask was that really as far as Ohio is concerned we get very little support out of the State for these programs.

Mr. CRAWFORD. Right.

Mr. HAWKINS. I am wondering why this great vast difference between grassroots public officials, those at the municipal level and those who somehow get up to—I don't know what you say, Ohio level—but up to the congressional level.

Mr. CRAWFORD. I am quite aware and very more than a little bit distressed by the fact that you make, Mr. Chairman. Hopefully there is some turning the corner on this attitude at this point.

Mr. HAWKINS. We better turn that corner real soon.

Mr. CRAWFORD. That is right.

Mr. HAWKINS. Mr. Conyers, any questions?

Mr. CONYERS. Thank you, Mr. Chairman.

I just want to share with you my appreciation of this statement. The only question I was going to raise was, where are your Federal representatives who have been discussed? Where are the power movers in and about Dayton and about the State? Where is the Governor? What do you intend to do about it, quite frankly?

Mr. CRAWFORD. Well, No. 1, the city of Dayton, frankly, and I am not too modest to suggest, is taking the lead and the Ohio Municipal League is attempting now—a little late albeit, but attempting very strongly to make its muscle and influence felt not only on our congressional delegation and our two Senators. I think it may be that the tradition of the State government in Ohio leaves more than a little bit to be desired in terms of the kinds of programs and issues that we are talking about here that sort of lull the municipal leadership into a sense of futility. Now really there seems to be much more opportunity, much more likelihood of getting strong support and action from both the Governor's office and from some of our other leaders on the national as well as the State scene.

We might, in Dayton, be a victim of that because our Congressman happens to be one who has sort of stood on the right side of the fence on most such issues and we may have been guilty of not recognizing that one Congressman from Ohio is hardly enough to represent a right attitude and have not tried to influence the others as early and as strongly as we could, but we are about it now with all of the skill and drive and haste that we know how.

Mr. CONYERS. I have been impressed by the competence and the perception that you bring to both of your municipal jobs. It seems to me

that your coming before this subcommittee is very important in a couple respects. First we have to begin to perceive the real nature of the problem; that is, not just those who are in the inner circle of the legislative process but those who motivate those who are duly elected. Then we have to form a tactic. So when you say that you are late, I don't want you to feel badly about it—we are all late. There should have been oversight on some of these programs that we were letting get slipped away.

I hear the chairman tell us that a billion dollars is going to be returned out of the emergency employment program when the unemployment rate in the black community of Detroit is 35 percent according to the New Detroit Committee evaluation. Now that is criminal and we should be exercising an oversight responsibility instead of waiting for some administrative hat to tell us that we don't need a billion dollars worth of employment programs when we need it more than when we passed that program the first time. Then we have got to analyze where that failure is.

I think that out of these committee hearings—and Detroit is honored to be the first city where these hearings will be brought—will emerge a new and sharper perception of the issue, because life and death is involved here as you pointed out so clearly, sir. What I see necessary is a reexamination of this whole program because it goes beyond OEO. It goes to all of the domestic programs that since the 1930's we have been slowly building up to be tolerated and accepted in this country. We now stand to have all of them emasculated and many of them outright eliminated in plain view of us. I think that this is as much a life and death struggle as any we will see in our lifetime, so I am glad you came before us.

Mr. CRAWFORD. Thank you, Mr. Congressman.

[Applause.]

Mr. HAWKINS. I think Mr. Conyers expressed the feeling of the committee with respect to your testimony, Mr. Crawford. We certainly appreciate it. I think your statement is well documented and certainly will be very valuable in the record of this committee. Thank you.

Mr. CRAWFORD. Thank you, sir.

Mr. HAWKINS. I would like to just interrupt to introduce a distinguished guest, someone who obviously is very much concerned about this problem who is among us, State Representative Dave Holmes of the State of Michigan.

Mr. Holmes.

[Applause.]

Mr. Holmes, we are very glad to get this documentation concerning the Federal cutbacks that as I understand has been amassed from your work in the legislature and also the committee to which you belong. This will be entered in the record in its entirety at this point.

We certainly are pleased to have you with us today. We missed you this morning and when we got ready to introduce you we did not see you. We are very, very glad that you cared enough to come back.

[The material referred to follows:]

FEDERAL CUTBACKS AND THE EFFECT ON OUR COMMUNITY

OPENING STATEMENT

Mr. Chairman: First let me say as Chairman of the Michigan House of Representatives' Committee on Social Services and Corrections, I am very appreciative of this opportunity that you are giving us in our State to state the broad effects of the Nixon Administration's cutbacks on former President Lyndon B. Johnson's "Great Society Programs." This will have a far reaching effect on the citizens of this State. As to what citizens are saying, I am presenting to you a transcript of a hearing held by my committee in Detroit on February 21, 1973 for your review. I can give you a good example of these cutbacks by examining my legislative district where the sum total of approximately 50 million dollars has been spent over the past few years to break the chain of poverty, and it has gone a long way to this end. Yes, I know that any endeavor in this nature will have some flaws; however, one does not throw out a bushel of apples because one apple is rotten. These programs have served to train many people for gainful employment and other broad causes that never would have had this opportunity had it not been for said programs. I invite you and the present Federal Administration to examine them, and I am sure you will come up with the same conclusions. I estimate these cutbacks will cost our State another four or five million dollars up and above the estimated 660 million dollars Welfare has costed this year because of the extra load caused by unemployment due to cutbacks. Anything that Congress will be able to do to head off the effects of these cutbacks would be greatly appreciated by those of us living in the State of Michigan.

Thanks for your time; and if needed, I want your committee to feel free to call on my committee for any help or additional information.

EFFECTS OF PRESIDENT NIXON'S RECENT CUTBACKS IN GREAT SOCIETY PROGRAMS

The effects of President Richard Nixon's recent cutbacks in Great Society programs on the state Social Services budget and their potential effect on the deprived citizens of the City of Detroit and the state will be probed at a public hearing Wednesday, February 21.

State Representative David S. Holmes, Jr., Chairman of the House of Representatives Social Services and Corrections Committee, will conduct the hearing in the City-County Building Detroit from 5 to 9 p.m. in the thirteenth floor auditorium.

"We in Lansing are concerned as to what effect Nixon's cutbacks will have here in Michigan," Rep. Holmes said. "We are asking anyone with information relevant to this subject to come to the hearing and testify. Only by hearing the views of divergent groups of people can we intelligently evaluate the situation."

INTRODUCTORY STATEMENT

This Hearing is being brought to the City of Detroit by the House Social Services and Corrections Committee of which I am Chairman, authorized by the Speaker of the House, William Ryan, in order to focus attention to citizens' concerns and the effects of the Federal cutbacks—some of the reasons being as follows:

(1) The Nixon Administration has devised a detailed plan which calls for complete dismantling of the OEO Program, affecting thousands of Detroit citizens.

(2) This, in effect, is over \$60 million of Federal funds annually, which comes into Detroit through two programs alone of the Great Society,

(a) the MCHRD Program, and

(b) the Model Cities Program.

(3) All people of Detroit who work for these programs, either directly or indirectly through contractual programs, will be out of a job come July, 1973.

(4) The Revenue Sharing funds which have been given to Detroit thus far is \$35.8 million. To our knowledge none of it has been earmarked for either of these two programs.

(5) The State of Michigan will receive \$78.9 million in Revenue Sharing funds of which none has been earmarked for these cutbacks to date, a total of \$221.7

million. This is not counting the special revenue sharing program of Social Services, which is \$108 million.

Our concern is that both the State of Michigan, through Governor Milliken, and the local administration, through the Mayor and Common Council, will start to thinking in terms of sharing some of the revenue sharing funds with citizens, especially the citizens participation component. It is our hope that the citizens will make their desires known at this time.

COMMITTEE ON SOCIAL SERVICES AND CORRECTIONS PUBLIC HEARING ON PRESIDENT NIXON'S POVERTY PROGRAM

Representative FERGUSON. I want to say hello to many friends that I see are here in the audience and to those who are concerned with what is about to happen in our city and especially to the people (out there). We're here because we're interested. We're here to hear what you have to say and, from your recommendations and from your testimony as to what good the program has done in the City of Detroit, we will go back to Lansing and see what we can do to help you solve this problem and to prevent, if possible, President Nixon from cutting back and cutting out (the phases of this) program that are very crucial to this community. Also we will fight for some of the phases in some of the programs which are most beneficial to the people of the City of Detroit. I will enjoy listening to you and am very happy to see you here today. Thank you very kindly.

Representative HOLMES, Rep. Wolpe?

Representative WOLPE. Thank you, Mr. Chairman. As the Chairman indicated, I do represent Kalamazoo and that's probably just a place on the map for many of you. We've had many of the same problems—we're experiencing them right now in terms of our programs and right now we're going to have a real crisis situation in Kalamazoo so that I'm interested in finding out the impact of the programs statewide in the hopes that we might be able to do something about it in Lansing. I might add that (I also have) the Urban Affairs Committee and a very similar set of hearings will be initiated very shortly to try to see the impact of the various proposals in the whole area of housing and urban development and a whole other range of urban programs that are going to be affected by the President's moratorium and cutbacks.

Representative HOLMES. This is another member of my staff, Mrs. Nellis Saunders, who many of you know. Are we ready to start, Madam Secretary? She will call the first name, the first one that she calls . . . Mr.——

SECRETARY. Mr. John Shynkar.

Representative HOLMES. I want you to bear with Tina. She is young and we're trying to break her into the political arena there in Lansing, so bear with her. We all have to learn.

JOHN WILLIAM SHYNKAR. Mr. Chairman, may I introduce myself, Mr. Chairman and members of the board. I am one of the people here from Detroit who wish to give testimony in regards to this bill. My name is John William Shynkar and I'm a retired service man of the air force and army and I believe that cutting back is harming the children in regards to their education. Cutting back, I think, does not give people food. In fact, you try to survive on a dollar a day when it comes to food and try to keep your children very decently, if that's possible, without clothes and try to keep our children on the very minute clothing allowance that they allow these people.

How about the living conditions? Have you ever tried to fix your house or fix your apartment without paint, without brushes, without hammers, without nails? And all this reverts back to education, which in the schools should actually be teaching the children these things. Where do the children play after school. How come nothing is open to the children within these neighborhoods? Why aren't there gyms open for these children in these neighborhoods? Why are they constantly cutting back on everything that would help the people? It's frustrating to them. It harms them because they go out and they try to buy things that they would need.

Specifically speaking, there was a man killed on Jefferson for taking some meat because I guess he wanted to feed his family or himself—but on a dollar a day you can't afford the luxury of meat. You can afford rice, though, and maybe that's good for some people. If they're in war and they can survive with just starch. What about simple luxuries like maybe a glass of wine at a meal, or something in regards to this? Or a beer? Well, that's no good, that's too relaxing, that's no good for you. Go out and try to steal something and pawn it. Get dope on the street

because dope is easier to get if you've got a headache or you're tense than to go out and buy some wine. And you can't get any marijuana, that's no good for you. Nixon's going to cut that down because marijuana is no good for you. Go out and get some smack and shoot that up because that's a little bit better for you. Then you don't believe in anything, you'll lose everything, your mind and (then) you're a slave to the system and you've got to go out and steal to support a habit. So, therefore, if you get caught, we can lock you up and if we lock you up we can still fear. This is what looks to me like's happening here. People that are working, if there are that many, or any in here now, if you can't pay your taxes (why) would the state take your home. What's the state going to do with the home? Who gets the money from the sale of that home once the state takes it? Maybe some friends of mine will go out and buy it. This seems to me like—Mr. Chairman?

Representative HOLMES. You have a minute to complete.

SHYMKAR. Thank you. Well, in conclusion, I'd like to add that what good is a government system set up by a dictator when this is supposed to be a system for the people, by the people, not by a dictator who would like to see things his way. How about things the way the people would like them? As I state, the children actually should come first. This is going to be their country someday. Or don't we want the children educated? Why not bring these books up to date? It wasn't just white people founded this nation. There were colored people, too. But they're not into history books, no, we can't put those people in history books. That's no good. We've got to brainwash them. Take it easy, but don't get caught.

SECRETARY. Mr. James Howard.

JAMES HOWARD. Mr. Chairman, committee members. I'm here on two behalves today but I'm going to speak on just one. The one that irks me most is housing. We were informed by HUD last week that June 1—as public housing you all know is deteriorating and many will be cut off of public housing which we have had (already). Some of the buildings have been closed down by the Board of Health and (if) the Nixon administration decided to cut off the (model city) fund for public housing in the inner city then we would have another deterioration of property in urban renewal areas. So I'd like to bring that to your attention. Thank you.

SECRETARY. Geneva Clark.

GENEVA CLARK. Mr. Chairman and the committee, I'm here to talk about the cutback. I feel that our representatives, not Republicans, not Democrats, but all of them—Somewhere in this revenue sharing look for some money to employ our youth in the summer. There won't be any summer program. You're talking about crime? The crime rate is going to go. Of all the presidents that we have had, all of them have accepted the salary that was set aside for them and no more. President Nixon came into office, he raised his salary a hundred thousand dollars. I guess that much. Am I right, sir? And he collects—what?—two hundred thousand dollars and then he put a freeze of the working man (what he makes). So all I'm pleading with you all to try and have money to have an NYC summer program because what you have had—what you haven't had, you won't miss. Thank you.

Representative HOLMES. I might say to my two colleagues that if you do have any questions that you wish to ask of the speakers, please feel free to do so.

SECRETARY. Mr. George Atkins.

GEORGE R. ATKINS. Mr. Chairman, members of the committee, ladies and gentlemen, I think you'll get enough testimony today concerning what federal poverty programs have meant to poor and minority people, so since the time is limited, I would prefer to spend my time pleading for those people who can't do anything for themselves and those are the people who are employed in these federal programs. I'll let other people talk about the good it's done because I'm sure that many will. But I want to point out that we have taken people from all kinds of situations: welfare, all kinds of bad situations; maybe some of them were even prostitutes, who knows? These people in the past eight years under the Great Society's program and even under the first part of the Nixon administration have proven themselves capable of being outstanding citizens (with) good work records, and now they find themselves today facing total disaster while even one of the newer presidential programs, the EDA program's going to take care of some people who just went to work last month. People who have devoted the years that these people have devoted—and I'm not talking about professionals who were transferred from other agencies—I'm talking about the paraprofessionals who have nowhere to go when the program closes. It is my humble opinion that the state and the city have a moral obligation, if not a legal obligation, to do some-

thing for these people. We can't just say, "Well, the federal administration has wiped it out and there's nothing we can do". I don't think that's true. I think somewhere you can find the legislation that will make it possible to protect these people's rights to continue to live the kind of life that they've been living since our government started the idea that it was worthwhile to work and earn a living in the poverty programs. Somewhere there are, I think, enough people with the kind of astute legal minds to take revenue sharing and turn it around so that it benefits those same people in a meaningful way. Thank you.

SECRETARY. Mr. Robert Preuss.

ROBERT C. PREUSS. Mr. Chairman, committee members, I thank you for the opportunity to be able to speak to you today. I wear several hats. I'm an employee of the Department of Social Service, but I'd like to speak here today on behalf of the National Association of Social Workers; and I think our association has deep concern about these cutbacks. There are certain subtleties to these cutbacks that I don't think are fully understood or fully appreciated. If I can talk on a couple of technical things, I'd like to talk about the Title Four monies and the cutbacks here. That the cutbacks aren't just related to OEO programs but really to all social service programs. I'd also like to (turn to) another technical term called the Mega Plan that our association is deeply concerned about, an administration plan known as the Mega Plan, that would like to make a flat sixty percent cutback in the social services. I just heard about people in OEO programs that wanted jobs and a likely place to go for jobs if OEO goes is to the Department of Social Service. However, the restrictions on Title Four monies really don't open up any jobs within the Department of Social Service, but I think ultimately cut them back. Many of the social service programs of the Department of Social Service are required to run under previous federal guidelines (until) recent changes in the federal guidelines are no longer mandatory. And, under the Mega Plan of the Nixon administration, there's a desire to make a sixty percent cutback in the Department of Social Service and all social service programs. So that in Wayne County you have approximately 3,300 employees in the Department of Social Service. Of them, about 850 are in the pure service programs, so that in the direct service programs such as child care, adoption, foster care and so forth you have approximately 850 positions now and you do a sixty percent cutback, you don't open up any jobs for the people who are in OEO programs. You just put more people out on the street fighting for the few jobs that may or may not be there. And I think that there's sort of an oky-pincky deal going on with this revenue sharing. That what you do is make a lot of people fight for less money. If you're having cutbacks in OEO and cutbacks in the Department of Social Service and then you talk about this great revenue sharing money, you're talking about people who have (had) once a dollar fighting for twenty-five cents. So anyone, I think, that has hope in finding great things in revenue sharing I think has a false hope.

I think we have to, not only look at the OEO programs, but what's happening to Title Four monies. To be even more specific, there were purchase-of-service contracts that were developed within the Department of Social Service and I believe there were like 20 million dollars of new funds that were to go into service programs. Under the new federal guideline restrictions, you've got 20 million dollars of new money no longer being able to come into this area. So, not only do you have to talk about the cutbacks in terms of what we're losing, but also what we're potentially losing in revenue.

Question. Could I ask you to clarify the Mega Plan?

PREUSS. O.K., the Nixon administration has, according to the information to my association, decided to make a flat sixty percent cutback in all social service programs. What the Mega Plan, in effect says, is that the federal government is only responsible for income maintenance programs. It's only responsible for the ADC check, only responsible for the old age check and so forth. So they do have other programs like foster care, child care and other things that are called service programs; and if you cut back these programs, then you're making serious cutbacks. For example, child care: a lot of people are kept off ADC because they're getting a child care payment. But when you make a major cutback in these programs, you're in effect putting people on assistance rather than keeping them off assistance. I don't know how much more specific you want me to get.

Representative HOLMES. Let me ask a question if I might, sir. You made reference to the revenue sharing. Now, as you know, being a social worker, that there were some special revenue sharing monies—108 million dollars—coming into the state under social service. Are you talking about that money or are you referring to the general revenue sharing?

PREUSS. I think we have to talk about both. Because I think if you total out the amount of money in the programs that are being phased out and the amount of new money coming in, the amount of new money coming in is a lot less than the total of all the programs being phased out. Plus, there are some interesting things in terms of these special revenue sharing funds. The guidelines are written so tightly and so impossible that it is our information that money won't be able to be used because there'll be so many strings and so many impossible short-term guideline requirements that you have to have a report in by such-and-such a date or you lose your funds—so that part of the effort is to put the money there but to write the guidelines so tightly that you can't really use the money.

Representative FERGUSON. What you're actually saying is the fact that with revenue sharing funds coming into the State of Michigan the people who are confronted with phased-out programs, cut-back programs, will not benefit from this money at all.

PREUSS. Very few of them, in my personal view, very few will be able to benefit from them.

Representative FERGUSON. . . . Unless something happens.

PREUSS. Yes, from what they were going to have to rewrite the federal guidelines so that it's possible to make use of the promised money. The carrot on the stick is a mighty small carrot and the stick jumps up pretty fast.

Representative HOLMES. Thank you, Mr. Bussy, are you ready to testify?

MAYNARD BUSSY. Yes, I am, Mr. Chairman. I'm glad, Mr. Chairman and fellow members, representatives from the various communities—I have just five minutes to say what I have to say. We have that much time in Washington to say what we're supposed to say. We were up in Washington and we looked all over for our congressmen and we asked them, what were they going to do. They hadn't decided that they were going to do anything yet, But they were going to get together. Fortunately for us, we had some congressmen from other districts that say they were out there testifying as we are today and saying what they will try to do. We want to hear from our congressmen, our mayor and our governor from our area here. We are pleased that we are able to come down here today and have some interested representatives from the State of Michigan come down here and hear what we have to say, so (we know we have) somebody behind us in Lansing. There's one thing that I didn't hear the person say here from the Bureau of Social Services and I'm glad we have one of those representatives here. Concerned and wanting to tell what their plight really is out there. All of these people—800 people—that have (got to) be laid off model cities if there is a cutback—and there are other OEO agencies are going to thrust back into the community to get on ADC, welfare and other social services programs. This gentleman just stated here that they don't have enough help over there to do the job that needs doing now—supposed to be doing. So I'm trying to find out, where the hell are we going to get help.

So, therefore, I am assuming that Mr. Richard Milhous Nixon will throw us all back out onto the streets to get ripped off. You can't get your head hopped up enough to know which (house) to rip off. So I'm saying, that total Representative, Robert Griffin, in Washington, says, "Now you know we aren't going to have any money because all our people over here are going to be poor". So therefore not only are you going to have the rich going out in Grosse Pointe. You're going to have us going out there. Because we have been (ripped and ripped) so there's no more that can happen to us. Now we are here to serve notice that this revenue sharing—I don't know who's going to get the revenue—because I don't think that we're going to be able to share very much of it. So this revenue sharing, we are here to serve notice on whoever it jives, excuse my English, that we want a part of that revenue sharing, brothers and sisters, and we want it to go in the right direction.

We're going to forget about the (stocks) right now. We're going to forget about the rats because they're going to be hungry, too, and we're going to have nothing for them there in the garbage can. We're going to keep some people working down here if we can divert some of that money in that direction, keep OEO like it is, but take some of the cash load off the Bureau of Social Aid. We're going to serve notice on the powers that be in Lansing, the powers that be down here, that before you set your priorities, remember we are in your priorities. And we ain't going to stand for you to bypass us. We are not saying that you're going to take the fight to Washington. We're going to have it down here. Well, my five minutes is up. I have much more to say. But, you know, the world wasn't created in a day.

SECRETARY. Mr. Manatee Smith.

MANATEE SMITH. Mr. Chairman, constituents, all of them here in the hall today, I know we've got a lot of problems in front of us and it's going to take us, along with you, to try to make every possible effort to solve them. They're not going to be easy, and I think all of us are becoming aware now that they're not going to be easy. We've been hearing about it through model cities and, in fact, I refer there (largely) in the last year and a quarter. And we are going to be, from the model cities end of it, hurt, a little later, just like some of the programs are now about to be hurt. I know we are here to try to do what we can to save all this hurt. In other words, I think I speak with all the rest of those in model cities against any cuts in our social programs. I don't think we need them; nobody has offered anything in the place of them. Usually if you're going to make a cut on anything, you usually want to offer something in its place. I haven't seen anything coming forward to offer us anything in the place of the possible cuts that we may have.

While the administration hasn't precisely said what that cut is, we are now looking forward to it, and I think we can only do that and try to plan for the inevitable. It seems to me that a few years ago the administration had decided that citizen participation was the thing that we had and needed and should explore, and they put it on an experimental basis. Well, as far as I'm concerned, I think our (voiced) opinion (and that) of hundreds and thousands and probably millions of others throughout the country is that citizen participation is here to stay. I don't think it should go away and I, for one, will forever fight that it does not go away. And for that reason, I don't think our social programs should be hurt or taken away unless there's a reasonable replacement for them. And, as I say, I don't see that coming.

So what I think (is) that we have begun to reach the crossroads; I think we've reached the crossroad where we have to begin to make hard decisions, decisions that are going to help all those who need that help in the past and continue to need that help now and will need that help in the future. And, in trying to make that decision, I think we have to consider which way do we go, when do we go, how do we go and who do we go with? Well, to the first part, I would say that we're going to go straight ahead. Citizen participation, as I say, I believe is here to stay. The government said that you should have a decision in what goes on in your neighborhood. You should know better what should you want and why you want it. Therefore you have a chance to do that, to get that in the model cities program, and that's what we are working at. I don't think that that decision from the people should be taken away. I think that should be explored and enhanced. So I think we should go straight ahead. I also think, when we ask, "When do we go?", I think we should start right now. I don't think we should wait because there is no time to wait. We find that many of the things we try to do is overnight nearly snatched out from under us by some bureaucratic move that we take for days and months and we can't undo. We find ourselves reacting instead of acting.

And, how do we go? We go together. There's no other way to do it. We in model cities and other programs, we sure have thought about going our merry way and realizing our own problems from time to time, but we have never really gotten together the way I think we all should and I think others recognize that, too. I think we have to stop and take a hard look at that. Reconsider what we are doing, where we are at, and let's go together. Because what affects one now has its way of catching up with the other one a little later. So we have to go together. We either do it that way or we're eventually going to die separately. And I think we have to give consideration to, who do we go with. Well, that's not the easiest thing to answer, but I think we can say that we have to go with those who are willing to put forth that effort. I know we can't all go and do everything at the same time, because there has to be some sort of a leadership to take everybody somewhere. If we're going to get there successfully. But I do know we can't do it emotionally. Ofttimes when things happen and we don't like them, we do lead off with our hearts and our emotions. We do not get very far, because while we are going off in our emotions, somebody cuts the rug out from under us and we are left having to go back to the bargaining table and having to go back and negotiate after everything has been practically folded up and there (there) we are, again, reacting.

So I know that we're going to have the place that we have to go (to) and who do we go with is going to be with those local agencies, those local and state agencies who're responsible for the money and the revenue that's coming in here. We, as organizations, are going to have to get together and decide that we are going to be a part of that money and that revenue that's coming in here, that we're going to share in them, that we're going to have some decision-making in them,

and we're going to have to do that together. And we cannot do it with just us alone, we must do it with those local government and those state government there. And when we do it, I think we can get together and get to print a program that, whatever happens to us, whether it be through the OE program, the model cities program, it wouldn't matter, we are together if we are going to be able to survive. And I think that that's what's going to happen.

SECRETARY. Dr. Albert Wheeler.

ALBERT H. WHEELER. Mr. Chairman, members of the committee, I'm Dr. Albert Wheeler. I happen to live in Ann Arbor and I mention that because we've got the same problems out in that small town as we have in this big town. I work for the Catholic Archdiocese of Detroit. I am director of the Department of Christian Service and that embraces six counties, including these three populous counties of Wayne, Macomb and Oakland. In this department—I mention this because it will show our interest—we're responsible for the major social issues in our society and how we deal with them as a church and with the community. This includes areas like human relations, community affairs, youth, senior citizens, housing, etc. In this capacity, we have been involved with a number of programs here in Detroit and in the several counties. Those that deal with model cities, headstart, foster grandparents, preschool training, a number of others. I would suggest to you today just picking up some last-minute data with the NYC program as it would affect this immediate area. This summer, there will be about 22,000 youths without jobs, if money is not made available to do the work that was done last year. 18,500 of those will be in the City of Detroit, the rest in the rest of the five counties around us. There are about 22,000 kids enrolled in the in-city NYC program, which is the drop-out prevention program, and there are about 600 currently enrolled in the programs in NYC for those kids that have dropped out. The model cities has indicated to your their own problem and so has MCHRD or they will. Now it seems to me that this is going to impose a number of critical situations on this city and upon the rest of the state. Now, what's happening with this business, is that with the cutoff and the impounding of federal funds, there is an overall reduction of all funds that are going to be made available to local communities. That means there's going to be less money coming into the communities from the federal area.

The second important issue is that the decision as to how that money's going to be made is going to be left up to elected officials at the state and the local level. That means in Lansing the Legislature and the Governor are going to make some decisions; and in the City of Detroit and the other cities, the mayors and the council. Now, these programs were created, and it ought to be understood, these Great Society programs were created because local governments and state governments had refused to respond to the needs of poor people, the poor people and black people. And when you're poor and you're black or brown, you're powerless and so that's why these things were created. Now we're in the situation of reverting back again on the excuse that most of these programs have so much waste in them. Of course they have waste in them, but every program that the city or the state or the federal government runs has waste in it. When there's waste in the military budget, they don't cut out the military—they just get a new contract. And money's wasted in the military. And we're dealing with people. We're dealing with poor people and powerless people. And it seems to me that the government, the elected officials have a responsibility to see that the people have a right to freedom and dignity and the pursuit of happiness in this country. With revenue sharing, general or specialized, the problem we're going to have is the same old one of the powerless competing with the powerful for a smaller slice of pie that comes to the state and to the community. It's not going to be social programs for the senior citizens and the youth; and drug abuse and housing and so forth—it's going to be the affluent and the power structure fighting for money for transportation, ecology, pollution and all of those things. We've got social pollution and that's what we need to deal with. O.k., I don't have a lot of time and I just want to say, I don't want to come up here and talk about problems.

Oh, there's one problem, though, and that is, by the federal guideline, it was built into most of these programs some kind of citizen involvement and decision-making. As I see the revenue programs coming through, and special revenue may not be enacted until '74, become effective until then, but the federal programs did build in some mechanism for citizens to have some voice and some control. Now we're being deprived of that kind of power, as weak as it was. So what we're going to have is inferior education; we're going to have excessively high unemployment in an area that's already two or three times the national level. There's going to be no alternative programs that we know of, and it's going to be a critical summer

and a fall and a winter, especially where you've got all of this police tension in this community and the people of Detroit are being asked to bail out a school system that the people of the state got into the trouble that it's in, and you compound all of these problems on the people in these communities, we're going to have discontent and tension, and there's going to be no end to it.

I would like to suggest a couple of very positive things. Number one is, that we utilize all of the power that we have to get to our congressional representatives, the senators and the representatives, and tell them what this problem is here; and we're going to try to mobilize some people to get to them and I hope the rest of us do that, to put some pressure on them. Our representatives come up for election again very shortly, in a couple of years. All right, let's make a squeeze on them. They owe us something. I think we've got to get the Congress to act, but at this level I would urge that you representing the State Legislature here today will take it as a responsibility of yours to see that there are going to be guidelines in the State of Michigan about the use of these revenue sharings to insure that the monies go to the poor people and to the problems that they have; and that there will be built in some kind of device that the communities to be served have to have some voice. And I would say the same thing should be true in our local communities and in the cities and in the City of Detroit—that the people have to have a voice in how those revenue sharing monies are spent. Thank you very much.

SECRETARY. Mrs. Carole Sweeney.

CAROLE E. SWEENEY. It's kind of full today, full of anger. The kind of anger you feel when you see your work of eight years being washed down the drain. Not work you got paid for, but work you just volunteered to do to make your community better. The Constitution of the United States has a part in it that says "provide for the general welfare", and Mr. Nixon seems to have forgotten that part. He's talking about the cuts from the national welfare rights organization and in particular some of the cuts besides the cuts that affect us personally in our budget. Cuts that have gone unnoticed, the increase in food stamp prices and at the same time the increase in food prices, so that most of us can no longer have meat every day, once a day. The cuts in legal aid, where most of the inroads that were made with the Department of Social Services were done with the help of legal aid. The workers could no longer tell us, with an attorney sitting there, that these are the rules, because the attorney would say, "No, they aren't, and we're going to sue you if you don't do better". Legal aid's going to be cut now. Things are going to change. The way it's affected us is, our children are now reverting to games and it's happening all over the nation. We can't take them to the Frosty Treat as often. We can't find as many outlets for their energy, so they're reverting to games. The adults are beginning to withdraw, there's less spirit, less people willing to help each other. Those are some of the things we're trying to change.

When President Nixon cuts the budget for ADC, and he's—and remove the blind and the aged and disabled, the other categorical aids from ADC because, in particular, I think he's ready to come down on ADC. He forgets that most of the people we see in ADC are children. And when this country is judged, if it's judged by the way it treats its children and its old people, we'll go down in history. Thank you.

SECRETARY. Mrs. Alice Lyte.

ALICE LYTE. Mr. Chairman and other Representatives, talking about being disturbed, I'm greatly disturbed now because as I sit and look at revenue-sharing and the amount that it's going to play with the poor and, as the young lady said before me, our children, and especially where we're talking about the mental health picture, and these kind of things, and the way the President feels with his dictatorial power, that he is going to cut and he has forgotten, really, our priorities. And I'm just wondering—we have become very frustrated in the community. Where do we go from here? What do we do? And I would like to know from our legislators, what do they want us to do as a people? And as a community? To get across to the administration that these things cannot be done.

Now they're going to talk about a rebellion. It won't be a black and white rebellion this time. This is going to be people against the society, as they stand. This is a serious thing. When we think about our young people and our senior citizens. I don't have to worry about me, because whether I'm making or not making, it just doesn't matter anyway. But I've got to worry about those young kids and I've got to worry about those persons who are living on limited incomes and even with the social security, the way it is, and the food stamps being cut and the people being deprived of just meat and bread and a decent place to live—

and I'd like to know from the legislators, what can we, as a people do to sort of get revenue sharing where it should be? So they're going to take my tax dollar and your tax dollars, and then they're going to do what they want to with them. What do we do? And that's all I have to say.

Representative HOLMES. The other two legislators here can speak for themselves, but I think I'd like to give you a fair answer. You're doing all right. Anytime you can put 10,000 people in Washington to talk to your representatives there, and this doesn't look like such a bad crowd here—Just keep talking. They'll get the message.

SECRETARY. Mr. Nimrod Carney.

Representative HOLMES. I might say, while he's coming up, that if you wish to testify, please get a card up here and fill it out. We're here to hear what you have to say. Go ahead, I'm sorry.

NIMROD R. CARNEY. Mr. Chairman, members of the committee, when I read that notice about testifying, I really didn't take it as it really is coming out. There's been so many wonderful things here said tonight about the problems that people who are in poverty, who have been out of the mainstream, and then they're beginning maybe to get into the mainstream again, and then now they're going to be pushed out back to the banks. People who have spent whatever little things they were able to achieve. And I'm talking, at this instant, as the president of Local 1042. I'm talking about some 800 people who are employed. I'm talking about people who do not have any legal place to go. I'm talking about a country that increases its national budget five billions of dollars and cuts the social sources four and a half billion dollars. I'm talking about a country that says one thing and gives another. You know, there are many people who want to talk here. But I personally have more faith in the local and the state government because you are the people that we have to go to first. You are the people who we should go to for the first and take care of the local situation. Then we go to the national situation. But I tell you that we are going to have continuous mass meetings of all kinds of coalition organizations until this thing is done.

It's a disservice, possibly, to talk to the hundreds of community people who do not work for either organization or any social organization but just volunteer their services. And that is the thing that really is appalling. It has brought people back into the mainstream of life who had, kind of, lived their lives, you know, kind of discarded (them); and now the community organizations and things that the people have been brought into because of the model neighborhood center, because of MOHRd. Now . . . where are they going now? They're going to go to the old folks' home and die. I would urge this committee to do whatever is necessary to call upon the labor unions for support if you need it, and I'm sure that you, as people who are elected to the Legislature, like to call on the unions once in a while. We support you. And I would dare say that those individuals who are sitting on this rostrum today have been the individuals that the unions have supported in the past without question, because you have produced, especially the gentleman who is the Chairman. There's nothing that the union will not do to help the situation and, like Sister Lyte said before, you tell us what to do and we will do it. Now, we need organization, we got that, too—we learned a little thing about organization, you know, from the model cities and from MOHRd. And then they cut off the damn funds so we couldn't have that organization anymore. We have self-determination. That's what the concept of the program is, self-determination, yes sir. When we had this self-determination and people were going out and organizing black clubs and organizing community groups and things of that sort and then they say, "Hey, hey, hey, no", and then they cut off our funds and they've been cutting it off and cutting it off and cutting it off until the time now, they're going to cut the whole thing out.

SECRETARY. Mrs. Anna McDonald.

ANNA C. McDONALD. Like the sister who spoke before the gentleman who spoke, I'm kind of full, too. And I'm here today wearing many hats. I'm concerned about the senior citizens who won't have anyplace to go, who won't have people to look out for them. Pretty soon I'll probably be a senior if I keep on living—and what's going to happen to them. I'm concerned about children because I work for model cities, I'm an administrator, and children calling in now, asking, what's going to happen to them for jobs this summer and what kind of answer can I give them? It makes you feel very good when a child gets his payday and holds his head up and tells you, "I bought these shoes with money that I made myself". What are they going to say to us next summer? "I have to knock somebody in the head", this is what they'll say, you know, and they'll be justifiably right, in a way. Because we have given them the right and privilege to earn

money for themselves and they can spend it on themselves and then all of a sudden we're going to take all of this away from them.

I'm here also as the President of the Career Opportunity Council for the Board of Education. We have 208 women, paraprofessionals who are going to school full-time trying to learn to be teachers. What's going to happen to them? School's going to close in March if you don't do something about it. We certainly can't do anything about it. The schools are going to close in March and these women will be without work, without anything. They'll have to fall back on welfare, if at all possible. When you go into the schools these days, you see these women in the classrooms teaching right along with the teachers, that is, in those classrooms where the teachers will allow them to do so. They're qualified, all right, but then they're competing with teachers, you see.

I'm here because I'm a Target Area One resident and a model neighborhood resident. I'm also a victim of urban renewal. So I have to be here. I'm concerned with everything and I follow with the gentleman there and I want to know, what can we do and what are you going to do and are you going to have any more meetings to help us? We don't need you to tell us how to organize, we're hip to that. We can do that overnight and the government did use us as a people in a way because they had us surveying each other and asking questions. They had us doing planning for free. We planned the whole layout of the City of Detroit for nothing. Now that they've got all the plans that they need, and they know where Tom, Dick and Harry live, they have completely destroyed the black community because we, as a people, have learned or are learning to get along together. So this is not news, you know, we want integration. When we wanted integration, we couldn't get it, you see. So rather than have the masses of people and us poor people knowing what's happening and being independent and self-reliant, then we're going to destroy where you live and the way to do that is to put you out by your land, and you go find yourself someplace to stay. They're supposed to do it but they don't do it. You go find your own self someplace to stay. When we pay our taxes, it's not black dollars or white dollars, they're all green dollars, and when they get together, they all look the same. What's going to happen to us, that's what I want to know.

Representative HOLMES. Now, let me try to answer your question. Of course I know you know the answer. This is the whole thing (shot) unless we get some of that 221 million dollars from revenue sharing that's coming into the state. We can take these back to Lansing, if we can convince the Governor and the House and the Senate that some of that 221 million dollars of revenue sharing needs to go to the people.

SECRETARY. Mr. Martin Singleton.

MARTIN SINGLETON. I'm just a concerned citizen and I'd like to say that a lot of our tax dollars went to tear down Vietnam, billions of dollars of our money. Now, billions of dollars of our money are going to build back up Vietnam, and Nixon is talking about cutting budgets? Today my mother came home and she bought some hot dogs. She said, "You know how much these hot dogs cost? A dollar and ten cents a pound." (Before) you start cutting into budgets, you better start cutting into some other budgets.

SECRETARY. Mrs. Lois Williams.

LOIS WILLIAMS. Representative Holmes, distinguished platform, Mr. Maynard Bussy—I don't think he's on your staff. I'm so happy that you have come down this afternoon to hear and help us in our struggle, because we are here, we will be here; with these federal programs, some of us have gone to college, some of us have gone to school, and we are educated in every way. So I don't see how they can put us out on the streets, because all of my children are grown, and can you see me sitting around home? No, I will be in Lansing, Washington, everywhere. And if you think NAG had a group . . .

Representative HOLMES. Lois, will you say that again. I want them to hear that loud and clear.

WILLIAMS. I said that, the state, the national and local, think NAG carried a group to Washington, but, if we get out of work, we certainly will carry a group there. So, I don't feel sad because we're not going to stop here, just like I said. We're too sophisticated, we have learnt how to bargain, we have learnt everything, and we'll (work with) you state representatives. We know where you are. So all we want you to do is just to hear us and take it to the proper people. But I do feel a little—that we're not represented, but maybe they will get here a little later. Our congressmen. So maybe we will start with the state and then we will get to them later, because we get out, we go to the poll, and we vote for all of you-all. We put you there to represent us, where we can't get there, so now we

are waiting for them to come to us like you brought your committee, and we'll be ready to set the fire to them. And I want to thank you again.

SECRETARY. Mr. Larry Nevels.

LARRY NEVELS. My name is Larry Nevels. I'm director of UNICOM, which is a community organization in the northwest section of Detroit. I've been upset for some time in regards to the budget cuts or the budget introduced to Congress in the 29th of January by Tricky-Dick Nixon. In the budget for 1973 and '74 is an increase of nine billion dollars, notwithstanding the fact that the budget allows 81.1 billion dollars to be spent for the direct military expenditures, a jump of 4.7 billion dollars or a six percent increase in the defense budget, which is calling for submarines instead of medicare, which is calling for tanks as opposed to playgrounds, which is calling for nuclear missile weapons as opposed to housing. On the 29th of January, when the budget message was delivered, in my opinion, should have been the beginning of a national movement to impeach President Nixon.

SECRETARY. Reverend Norman Thomas.

NORMAN P. THOMAS. Chairman Holmes, committee, I'm here to represent the Metropolitan Detroit Welfare Reform Coalition, a group of citizens made up of welfare recipients, welfare employees union, citizens all over the metropolitan area who are concerned about welfare reform. We see the cut in the budget as a direct attack on welfare recipients. As just outlined by Larry Nevels, the budget was increased for military but was cut in education, cut in health, was cut in housing, was cut in welfare and any type of social program: OEO, model cities, legal services for the poor. We see this as a direct attack on the poor.

In his inaugural address, President Nixon said, "Ask not what your country can do for you but what you can do for yourself." That's all right if you're President and that's all right if you're making a lot of money, that's all right if you're well off. But for many of us in this kind of a complicated society, we know that the federal government has to take an active role in social problems. And we're pledging to you the support of the Welfare Reform Coalition, the hundreds of people that we have protesting this budget cut. We also are asking you to make your pressure felt in our state government, especially among those Republicans who supported President Nixon. We also urge you to get on a person like Senator Griffin, who has supported the President all the way down the line. And to think that these are men who are responsible for the future of this country, who have political roles and responsibilities, makes us feel very, very sad, very depressed and gives us the desire to really fight harder and show them who really is running this country. We hope that we can be part of those people that are really running this country. Thank you.

SECRETARY. Mr. Ronald Walker.

RONALD WALKER. Mr. Chairman, committee, I'm here to represent the schools (because) educational-wise the students and the faculty. I work with the Board of Education, and I wonder, what's going to happen to them? You cut their money off, put the kids on the street, in the summertime things are going to be rough. Now, you think things are bad? They're just beginning. These kids don't even have a chance here. I work in the schools and try to help because I work with them and I enjoy working with them. I have two of my own and they're grown up, too. The most important thing is, what's going to happen to them? If you people don't act now, there's nothing we can do. But each and every parent here—I know that over 90 percent of us have kids—so it's our job, your job, the Legislature, the Senate, everybody, to push and see what they can do. Now, talk—anybody can sit up and talk—but we want action. Thank you, sir.

SECRETARY. Mrs. Alice Hines.

ALICE HINES. First of all, I would like to say, good afternoon to our distinguished panel. I would also like to (compliment) our state reps that felt that there was a need for them to hear our side of this situation. I want to thank Mr. Bussey for making the trip to Washington yesterday to really let them know how we felt. But, I am sad today, not only for myself, but for our community, our city, our county, our state and for poor people in general whether you be black or white, because once again we are faced with the bell. When the program came into being, they called it "the War on Poverty." Well, that war has not been won, but they tell us that the war in Vietnam has been won. And when I see television and see all the prisoners of war that are coming back, one thing runs through my mind, that most of them was cowards. And they (filed) claims. And those claims cost a lot of money. Vietnam has cost us a lot of money, taxpayers' money. I think the basic mistake that poor people make is, when it comes down to the government, they think in terms of a man standing tall in striped

pants and a tall hat with stars on it. But I think you better stop thinking like that, because the people that you elect owe you something. These representatives here are saying that, "We want to hear from you. What is it that we can do?" It's too bad that our congressmen weren't nowhere around to be found when Mr. Bussey was there. And I'm talking about two in general, because they should have a feeling for us and a concern. They should be here too. Because we have a right. You know, I think the day is over when we elect people—and I'm talking about the President and his administration, our congressmen, our senators, our governor, our mayor—that tell us that they're going to take away something they are relieved of.

I will admit that OEO couldn't reach everybody, but it had reached people. It had reached them by power. And, you know, it's a sad day when you live in a society where people that come to you for help and serve, and they are too proud to even show up at a meeting like here today. But they can get on the telephone and call you on your job and say, "Mrs. Hines, where you go? Mrs. Williams, where are you going? Mr. Butler, where are you going? And many, many more, where are you going. Tell them how we feel." Well, I felt that they should have been here today and I felt that a lot of people that are working on these jobs should be here today. And you know what, I'm going to make another statement and a lot of people might hate me for it, but maybe if Nixon closed these doors for three weeks and let some of us that came along on these jobs find out what it's all about all over again, then we would have a new fight to learn. As I said, it's a sad day when the same people that you walk into their center for service, that was in no condition before they got their jobs and now they've got two complaints, they're looking down their nose. And I think that should be over because we all here, are here to struggle.

And you're talking about crime. I want to refer to the statement that Prosecuting Attorney Caheler made. He sent all people to jail, no probation, no parole, and you know what I think? You talk about taking a program away like this, when you walk in the store, and meat in the last week has gone from twenty to thirty to forty cents a pound, higher than it was week before last. If you're going to turn another people out in the streets, and more that don't have anywhere to turn but to welfare, and you continue to cut welfare services, well, somebody is insane, and I don't know who it is. Because we got a problem today, we got a problem living. And we're talking about drug problems, we've got so many returnees from Vietnam that has been (program) killed and they don't know nothing but drugs. And you're going to turn them out here, loose, with no programs for them? Now, what are we talking about? We're living in a city with no hope. The poverty program was just like the Good Ship Hope. We've got a disease and it hasn't been served. Thank you.

SECRETARY. Mrs. Eleanor Betts.

ELEANOR BETTS. Mr. Chairman, members of the committee, fellow co-workers and other community members, I'm Eleanor Betts, I'm a member of model cities, I'm their representative for Region Five and also a delegate member of the national organization. I'd like to tell you, for your information, last week the national organization met in Houston, Texas. Our cry is the cry around the nation. Around the nation, people sit and ponder, "What can we do to save our programs?" They feel that Mr. Nixon, in cutting the program, has not stopped the war on poverty but he's started a war on society. He claims he's ended an unjust war in Vietnam and declared a war in America on poor people. The people that met at this conference decided to do one thing. They say the key word is to unite. They say, we are the people of the United States and we are the government. It is up to us to demand of our representatives to support a full funding for all social programs. I represent Area D-1 of model cities. We had a meeting at Mr. Kelly's on Sunday. We had another white marathon. We wrote to our state and local government and to the national government. We're urging you to stand with Region Five of the national organization and report. Let's start the letters writing. I talked to one of my colleagues today. So our people out in the community, though not here today because a lot of them didn't get the word, are with us and we support you who come out and support us. And we ask you to keep the letters going in and let's stand together, because united we stand, divided we fall.

SECRETARY. Mr. Stuart House.

STUART HOUSE. Good evening. I'm glad to see that many people turned out today. My name is Stuart House and I'm representing Congressman John Conyers. I hadn't necessarily planned to say anything, but to listen and convey to the

Congressman what the people are saying here . . . I hadn't necessarily planned to say anything, but I felt obligated to make it a point of record that Congressman Conyers and our Washington staff has been working very long hours trying to deal with this problem, which originates with the President, which was directed last November. All of this was predictable, but what was not predictable was that the President would try to move in the kind of Tricky Dick manner he would. I suppose that was predictable, too, but what I'm saying is that, if I can read from an article in the Washington Post, it says that the memorandum which was reported in the newspapers indicates that the President wanted to make a swift and successful dismemberment of the Office of Economic Opportunity by June 30, before there is time for congressional opposition to gather and develop a legislative counterstrategy.

The second point I want to make is another quote. That is from Representative Conyers, who says that the disclosure of that memo dramatizes the fact that what is at stake in the impending fight to save OEO is nothing less than the survival of Congress as a coequal branch of government. What the President of the United States is trying to do is, not only disenfranchise the people, but disenfranchise your representatives. And finally I would like to quote the Reverend Jesse Jackson, who says that, if lobbying is not effective, he recommends direct action, including marching in the streets again, which seems to be absolutely necessary. Thank you.

SECRETARY. Mrs. Loretta Webb.

LORETTA WEBB. Mr. Chairman and State Representatives, I find it easy to say that I'm Loretta and I could probably say where I'm from. I don't know that that's so significant, in view of the fact that this is not an individual agency problem or a person's problem or one group's problem; but it's an issue, in my opinion, that's one that ought to be the concern of all people. I certainly agree with the previous speaker but I'm inclined to think about 1974—revenue sharing as being significant in 1974 and maybe it might just be another one of Tricky Dick's fraud mechanisms. I'm inclined to think that we should not wait, as I heard one speaker say, until we have lost our jobs, until we have lost the MCHRD program, until we have lost NYC work program, the urban renewal, and then move on the issue. I'm inclined to think that now is the time to move on it, support the state representatives, and, if need be, do as New York did and stage a march on Washington before this happens, not wait until 1974, when we may or may not get revenue sharing and, if we do, it goes into the local government and the mayor decides, "Well, I'm going to give some more money to STRESS, because we need a bigger STRESS department," or "I'm going to give some more money to the police department, because we need this" or the DPW or increase the firemen's salary and that sort of thing. I don't think we ought to wait until 1974. Nixon certainly has not waited. His whole plan has not even been accepted by the Congress and already it's being implemented. We're going to wait until 1974? I would urge the state representatives to give us their support. I also strongly agree with the young woman that spoke about letter-writing and hopefully that some coalition can be formed or there will be some mass demonstrations. And I think that's what it's going to take. Far better to see mass demonstration in Washington marching than to see a long, hot summer in Detroit with 18,000 kids walking the street.

SECRETARY. Mrs. Faustina Knoll.

FAUSTINA R. KNOLL. I usually get stage-frightened when I have to talk to a group of people and I kind of feel that way right now. I did want to express the concerns that I have, many of which have already been mentioned; but perhaps to extend another dimension for another group of people that I haven't yet heard anybody specifically relate to that are very close to my home. They're not only the poor and the people that are the recipients of many of our human services, but also the lapinos. The lapinos that are frequently forgotten in this community and, through some few efforts, but meaningful efforts, have begun to be recognized, for services are finally being provided for (them). We appreciate this but we need a heck of a lot more. Now, I comment here on two things tonight.

I hear a push for revenue sharing and I hear a lot of concern being expressed for the monies that are being withdrawn from the federal level. At this point, I don't feel sufficiently knowledgeable about what revenue sharing is going to be like—I've heard about two kinds of revenue sharing, a general and a special, and I gathered that it's money that is coming to the cities or to local communities with no sort of guidelines being developed in the federal guidelines, which they need. That it's up to local authorities to develop priorities. I have a lot of feelings about social services, medical services, have not necessarily been one of the top priorities. In terms of lapinos, it has really taken the federal government in the

past that want to begin to initiate a priority and consequently we have been able to get a few programs going, and, in the State of Michigan, very few. But it's meaningful and it's significant and, of course, the total—the reason for them is to elevate the standard of living and to get meaningful services into the community. If revenue sharing does come to pass, I would urge all of you to take into consideration the needs of the Spanish-speaking, the priorities that have already been developed by the federal government, and I urge you to try to implement this.

Another very specific area that I just want to say one word about is the comprehensive community mental health programs. They're very critical, they're very essential and they're very necessary, and I urge you to give us full support in the continued development of the local community mental health centers. Thank you very much.

SECRETARY. Mr. Felix Matlock.

-FELIX R. MATLOCK. Chairman Holmes, members of the committee, ladies and gentlemen, I'm extremely sorry that Congressman Diggs couldn't make it today. We can assure you that our office is extremely busy on this problem. But those of us who came into the program only a few days ago or a few years ago want to let you know that these programs are more or less or partially organized. In Congressman Diggs' office in 1964, 1965, 1966, 1967, we worked hard and long on these programs. What happened, one brother asked. We should ask you that, what happened? Because you are the ones who have reaped the benefits of these programs, and I can assure you that we will be right in there fighting today and tomorrow and in years to come just as we have in the past. If there has been any misunderstanding whatsoever, I will get in touch with Washington tonight and I will do everything I can to straighten it out.

I would like to close with this particular thought: I'd like to say this for Matlock, not for Congressman Diggs and not necessarily for the people of the United States or Detroit. No one could be more in favor of MCHRD and all those programs than I, because most of the folk who work in these programs are my personal friends. So I am partially touched when I think of many of the persons who I knew ten years ago without education, who were able, through this program, these programs, to get education and to get a degree and to buy homes, to become a real responsible citizen, if I didn't say any more about the program, if I didn't think any more than that about the program, that is really worth something. And Matlock as an individual, not only as an employee of Congressman Diggs, I will be right there fighting with you just as I have in the past. Thank you.

SECRETARY. Mr. James Oliver.

Representative HOLMES. The Chair is going to break precedent in here. I'm going to break precedent in here and allow the Director of MCHRD to have as much time as he wants, because he is the one that's directing our program here, and I feel it's only courteous to you, Mr. Oliver, so take your time and tell us what's happening.

JAMES M. OLIVER. Thank you very much, Chairman Holmes. Members of the committee, ladies and gentlemen in the auditorium here today, I'm very happy to be able to talk to you this afternoon, because this is one of the burning issues that certainly has been on my heart since we've been here in this program. I want to talk to you from several perspectives. One, in terms of what the program is all about and what possibly will be happening to the MCHRD program, and we'll try to bring in some other things as they relate to model cities and the City of Detroit. The major thing, of course, is that the dastardly act that's being perpetrated on our social services programs across the United States now by the administration are acts which will have serious implications and will certainly fall heaviest on the persons who can least afford to have these kind of things fall on them. To give you an idea of exactly what I'm talking about, we've made kind of an analysis of what has happened in the MCHRD program, and it'll give you a kind of succinct indication of just what has happened and what will be happening to us.

You know, of course, that the poverty programs across the United States and the model cities programs are programs that were initiated primarily for the purpose of helping poor persons to "pull themselves up by their bootstraps." We also know, of course, that the criticism that has been hurled at the programs by the administration and the reason which is the one that's on the surface for wanting to cut them back is the fact that they believe that the programs have not been successful and they cannot demonstrate that any numbers of people have been brought out of poverty. But I wish to call to the attention of this committee the fact that the act is designated the Economic Opportunity Act.

Anti-poverty was the name that was given to that particular portion, but if you look at it in terms of economic opportunity, we can see immediately the impact that the Economic Opportunity Act has had, not only on the lives of persons who are working directly for the program, but also on the lives of many people who are receiving the benefits of the persons who are working in the program. Let me just cite one thing specifically from a statistic of our staff. That statistic is that 480—we have a total staff of 827 at present—and 480 of those persons were, before coming to MOHRd and before being hired by MOHRd, either unemployed or they were unskilled or they were on welfare. Now the question, of course, is, what's going to happen to this level of staff in the event that those—that something happens to this program?

Let me give you another bit of statistics which I think is kind of relevant for you to have in the files of this committee. We have 1,053 children who are supported by the persons who are working in this program. We know that the City of Detroit will lose from this program approximately \$10,045,000 in wages just for the MOHRd staff alone. The city will lose \$4,500,000 from delegate agencies, agencies that we fund. The city will lose \$4,155,000 in the wages from NYC, and this group of people who I'm talking about now are paying into the federal coffers in federal income tax \$2,500,000; and they're paying into the state coffers \$554,000; and they're paying into the city coffers \$124,000. Not only are they doing that, but at present they're also paying into social security at the rate of \$1,248,000 a year. So, if you take that as an economic impact on this community alone, and then we begin looking at the fact that the persons who are presently working in the MOHRd program—we haven't done the same analysis with the model cities, we're hoping to get on with them in order to come up with this type of analysis for this honorable body as well as others in the city and others in the state—but if you take the fact that this is the amount of money that's being paid into the taxes of this city and of the state and certainly of this nation, and we ask ourselves one simple question: What will happen with 827 employees if they have to be laid off?—and that thing becomes a very real potential—we find that if they are to go on unemployment compensation for just 34 weeks, a little more than six months, that state or the city would have to pay, I believe (at) \$81 a month per employee, \$2,277,000—and that's money that's being paid out rather than money that's being paid into the support of this community. And then what happens after one year, in the event or after the six months or after the little better than six months, in the event that the persons then have to go on welfare, we computed that we have 177 single parents in the MOHRd program and then what we did, was to try to compute that on the welfare grant of ADC for 177 parents at \$310 a month; and if we had the welfare that the state had to support them for a matter of one year, the state would have to pay out \$3,076,000. So here we begin to see that over five million dollars are going to be paid out in order to support a staff that is now contributing and earning at the rate of pretty close to 18-19 million dollars in the city, so we begin seeing that the program's really going to hit hard into the economy of the country and of this city.

In addition to this, the other thing that we found is that at this point the city is putting in \$1,076,000 into the support of the program, and we're receiving from a variety of sources, a variety of agencies and organizations, income contribution at the rate of \$2,077,000, so what we have done, in attempting to come up with kind of an idea of, can this city or other jurisdictions support our program out of revenue sharing dollars, and we know that the estimate is pretty close to 38 million dollars per year, just the figures that we have given you, which just deals with payroll alone and does not deal with the 40 or 50 million dollars that is in the two combined programs, model cities and MOHRd, if we deal just with staff at MOHRd and the payroll of the model cities program and not talking in model cities about their delegate agencies or their contracts, we'll come up with a figure of 10 million dollars that's going to be extracted out of this community in the event that something happens to that staff and if we find that there's 28 million dollars or 38 million dollars that's coming into general revenue sharing, in the expectation that 38 million dollars is going to be reduced by 10 million dollars in order to support these kind of programs then become somewhat of a pipe dream, in our estimation. So, that will kind of give you a thumbnail analysis of what is happening with the staff of MOHRd and how they will be impacted on by this program.

One other very significant point which will give you an indication of how good the chances are of persons seeking employment who are working in the MOHRd program: we currently have 303 of our staff members who are over 48, which is an indication that they will have a little more difficult time finding work. And

then, as I indicated, that staff of the four hundred-and-some-odd persons who came off of unemployed public assistance, unskilled occupations, and their chances of finding work in a community, as you yourself see it, Chairman Holmes, in a community where the unemployment is tremendously high—ten percent is a conservative figure that is given for the inner city, but we know that figure is much higher than that—and we find that these people are hardest hit by the situation and their chances of trying to secure employment will be pretty much nil.

I also just want to give you an idea of some of the services that will be missing in the event that the program goes down. I don't want to dwell on the majority of them but I just want to highlight one specific area, and that is the area of deferred health services. The target areas that we serve are equal to 27.2 square miles of the city and they are in the center of the City of Detroit. We have in this target area 405,000 people, 77 percent who are non-white, latinos, indians, but primarily blacks. But we do have also in this target area a white population of pretty close to twenty-three percent, but we have an older white population. We don't have within that inner city as many young families, white families, as we have (in) the outer fringes of it. But we also have concentrated within this 27.7 mile 62 percent of all black people who are over age 65. So they're the persons, also, whom we are serving. We also found that the population density within our target areas is much higher than the population density in the other areas. There is a low rate of home ownership, and the incidence of small use reflects a relatively high density in the area—we have 14,621 persons per square mile, as compared with 9,884 persons per square mile in the balance of the city. We know very definitely that statistics indicate that density and poor housing and crime then increases the whole question of health problems. So let me turn then to let you know what has happened as a result of the MCHRD health program in our target areas.

The first thing, of course, is that our multi-service neighborhood centers, which are the heart of our poverty program and represent what we call the one-stop center, where persons who live within the target areas can come to a center that's in close proximity to where they live and receive either direct services there or be referred directly to a service, this then cuts down on the necessity of poor persons wandering around with a day, two days, of social services within the community, and seeking services which they need. But let me just talk for a moment about the whole health component as I just began to mention to you.

In 1965, when the MCHRD opened its first medical clinic, the state of medical care in Detroit as it related to our target areas was pretty much very poor. At that time, none of the presently-funded programs existed: medicare, medicaid, model cities, etc. The only place that provided care for the poor was the emergency room or the outpatient room of Detroit General Hospital. The hospital was, and is today, grossly overcrowded. In the outpatient department, no one was seen in under four hours waiting time. Often patients may have come and would not have been seen for as much as a day. I'm going to put a point there, because a situation came to my attention today which really kind of drastically points out the value of the health services. We had an individual, a man who came into one of our health centers this morning and, before he could be served, he passed out. We rushed to him, our medical people rushed to him, and he had no pulse, he had no respiration or whatever else the indices of his illness are, he had mucus in his throat and he was, for all intents and purposes, pretty much on the road to dying. Fortunately one of our nurses administered mouth-to-mouth resuscitation, then administered some other kind of resuscitation to him, drew the mucus out of his mouth, and they were able—literally—to save that man's life. They then were able to get him into emergency care, the emergency ambulance, and took him directly to the hospital.

What would have happened if he would have had to travel from his home to Detroit General Hospital? What would have happened if he would have collapsed on the bus or in a car? If there had not been the medical personnel there who would have known what to have done in order to have saved his life; but the fact that the neighborhood centers were there, and he could walk into that neighborhood center as ill as he was and collapse in that neighborhood center and receive immediate attention, that very fact itself undoubtedly saved that man's life.

In 1966, then, we conducted a brief survey of patients coming for treatment to and out where they had gone before and why they were coming to our MCHRD clinics. Almost all stated that they had gone to Detroit General Hospital, but they only went there when they were desperate or when they had a very serious illness and they could afford—or, not afford, but they had no other alternative but

to sit there and wait for medical service. The mother of a baby who had become ill about 5:00 in the evening, for instance, estimated that it would take her an hour to go by bus to Detroit General Hospital, including twenty minutes waiting before the bus came. She could not expect to leave the hospital until after midnight and the buses to her neighborhood would not be operating. Since it was snowing and the temperature below zero, and there was no one to look after her other children, she just could not seek medical treatment, except at our clinic, which was located close to her home. That was an actual situation of a person who came to our center.

Then in the first year of operation, in 1966, the MCHRD clinics handled 50,000 visits from 20,000 people, about 100,000 services in the form of laboratory tests, prescriptions, examinations were provided, and a great majority of those persons served would not have sought medical advice had not the MCHRD clinics been located in that area. And this can be replicated with the model cities clinics also and with the Conference for Neighborhood Health Services clinic also. Over the years, with the new government funding program, particularly medicare and medicaid, then the rate of service in our centers diminished to some extent but not so great, because at present the three MOHRd clinics serve about 30,000 people, who make 60,000 visits to those centers a year, which is consistent with the doctors' norms. The doctors say a person should have some kind of medical checkup every two years and we have 30,000 people who come twice a year to our medical clinics. The population is served in order, in this order, is again pretty close to that of 100,000.

Now, what else have the MCHRD clinics done as we see it? We looked in the 1970 census. In the 1961 and 1970 census, we came out with some pretty startling facts. Taking into consideration that we have a higher population density within the inner city target areas that we are talking about, and we have worse housing conditions, and we have a higher incidence of crime, you would assume then that the medical statistics for venereal disease, for tuberculosis, for rheumatic fever, would be much higher in the MOHRd target area, but this is not the case, and I want to cite that for you at this point in time. The incidence of tuberculosis decreased between 1961 and 1970 about 42 percent in both the city and the target area, so something had to impact at a greater percentage in those target areas in order for us to be able to maintain the same rate of percentage decrease in the target areas and we are certainly aware of the fact that our health centers were there, and they were a contributory factor. The question also of the drop in rheumatic fever, it decreased by 79 percent in both the city as a whole and in our target area. One figure that is kind of significant is the fact that measles, the incidence of measles, decreased by 90 percent in the city but it decreased by 93 percent in our target area. The incidence of venereal disease has increased nationally across the nation, and between 1961 and 1970, it rose 53 percent in the City of Detroit; but it increased by 17 percent only within those target areas. The cases of whooping cough decreased by 70 percent in our target areas and only by 58 percent in the city as a whole.

Now, we're saying that services certainly are services that are needed, we're not saying that the job is done, because the other information that we have certainly indicates that the highest number of persons who still have tuberculosis are located within our target area and the highest percentage of persons who still have rheumatic fever are still in our target area. The infant mortality rate is still higher within our target area, which indicates to us that, would it not be for the services that are being rendered there, that we would have a pretty serious epidemic proportion of health problems within those target areas. Now, we just highlighted for you and for your committee and for those who are here a few of the concrete services that are being provided by the MOHRd and the model cities and the Conference of Youth Health Services program.

These are others, the ancillary benefits of this whole democratic process of citizen participation, which is a cornerstone of the anti-poverty program. What will happen with that, if that goes down the drain? For the first time in the history of this country, the poverty program came along followed by model cities and others, which said that persons who are poor and who are recipients of services should be a part of the decision-making process, which then impacted on their lives. But what will happen with that, since there are no provisions in the revenue sharing for citizen participation? Since there are no provisions, as a matter of fact, no concrete provisions, rather, in the revenue sharing (to) the adherence to the Civil Rights Act of 1964, what also is going to happen to the gains that were made in that regard?

So, what we're really saying is that it is emphatic that two things need to happen and certainly we're very happy that your committee is entertaining the possibility of what can happen with revenue sharing, should our efforts fail to influence the Congress to offset and override some of the President's efforts. What we're really saying is that we need to continue the kind of services that are being provided at this particular point in time in this city and across the state through the community action programs and certainly also through the model cities program. But, in addition to that, if revenue sharing then becomes a way of life for the country and certainly for the State of Michigan and the City of Detroit, then we also need to insure that there are civil rights provisions spelled out so that the gains which were made by the minorities and by women across this country certainly will not be lost.

I just want to kind of close with a few other things, that kind of lay on your heart, and that is that, as I said, that the innovation that the poverty program represents in terms of poor people sitting down with decisionmakers from the private sector and from the governmental sector is, in fact, within the best interests of the whole democratic process of this country, and what it really says, and says to the poor people, is "We believe in you. We think you should be an integral part of what's going on." If we permit this whole experiment, this whole effort of the last eight to nine years, to go by the wayside, then heaven only knows what's going to happen when the poor people finally wake up to the fact that perhaps they've been put into a trick bag all over again and that the government is now backing away from this commitment to them as citizens of this country and it's only concerned about those persons who are able to provide X number of dollars into the coffers of this country. We know that Howard Phillips, and I think, as I said before, that we should go right into the face of the argument that's being proposed by the administration—we know, of course, that Howard Phillips, the new acting director of the Office of Economic Opportunity, has said that OEO was a Marxist concept. As a matter of fact, the reason for saying this, that it's a Marxist concept, is that he says "PEP sets poor people aside." Well, nothing sets poor people aside more than the fact that they don't have any money and they can see that the cars and the food and all the other attractions of affluence in our society. Nothing sets them aside more than that. It would seem to me that Mr. Howard Phillips is not really cut in the tradition of the American way of life, which says that all people are supposed to be created equal and are supposed to have an opportunity to fulfill whatever potential they have in this country. And I think that we have to go right into the face of that argument and really begin to refute the groundless and the rational kinds of efforts on the part of the persons like Mr. Howard Phillips to undermine the program that has been of such infinite value and infinite worth to the poor people of this country. And thank you very much.

Representative HOLMES. Mr. Oliver, there's a couple of questions that the committee wants (to ask). Representative Ferguson?

Representative FERGUSON. Thank you, Chairman Holmes. Mr. Oliver, I would like to request a copy of your speech, if possible, and I'm sure that the committee would like to have a copy, also.

OLIVER. We will see that you get it. We are doing a lot of statistical things, and we'll see that you get a copy of this one and, as we continue to refine it, we'll see that you get a copy of the refinements.

Representative FERGUSON. Thank you, because you have information there that (may be very) valuable to us. In other words, it's in black and white and it's a weapon that we can use.

Representative HOLMES. Representative Wolpe?

Representative WOLPE. My question was going to be the same. I'd like very much to get a copy of that.

OLIVER. We will certainly see that you get one.

Representative HOLMES. I have one question I might ask. I see records there for the City of Detroit, that you received 18.3 million dollars in revenue sharing in 1/8/73, 17.5. Has any of this money been earmarked for MCHRD?

OLIVER. No, none of that has been earmarked for MCHRD. The rationale for this was that the President—and this is the game that has happened—the President tricked everybody. He tricked the mayors and the governors and he tricked the poor people.

Representative HOLMES. Let me ask the following question, then. I see also that the state received 73.9 million. Has the state OEO said any of this money will come into the City of Detroit?

OLIVER. They have not said any of it would come into the City of Detroit. The state OEO is working with the CAP directors across the state to try to work out some alternative plan. It's an alternative plan to tap into the revenue sharing of the state. But one thing that I did want to say, in reference to revenue sharing, and I heard someone say when I came in that they have heard about two forms of it. The general revenue sharing, that was the lure, for those of you who are fishermen, and that was what was put out there in the water to the governors and mayors, and what was said to them by the administration and in Hawaii last year at the National League of Cities, was "if you help us to pass this revenue sharing bill, we're going to give you some money that you can do anything with, no strings attached." But then they told them. "We're not going to touch your federal programs, though. Your federal programs are going to come under a special provision." That's special revenue sharing. That's the reason why general revenue sharing across this state has already been allocated. But then, a couple of weeks ago, January 29, to be exact, the President came out with his budget. He made no provisions in that budget for special revenue sharing until 1974, so what he was really saying to the states and to the cities, "You're going to have to fund model cities and community action programs, if you want them to go, out of monies that you have already committed elsewhere." Now, that's the kind of trick that the administration has put governors and mayors into, because they had assumed that the programs that we're talking about now were going to be protected. They even had a phrase called "hold harmless." You hold those programs harmless. You don't touch them. They'll be funded at the same level. But, as tricky as he is, he did come back and propose this budget. He said, "Now if you want to fund those programs, you fund them yourself and you fund them out of general revenue sharing, cause there ain't no special revenue sharing until July 1, 1974." And that's why we're in the kind of box we're in at this point in time. Thank you very much and I'm very happy to have been here.

SECRETARY. Mr. Arthur Bowman.

Representative HOLMES. I want to extend the same courtesy to Arthur Bowman. Attorney Arthur Bowman happens to be Director of our Neighborhood Legal Service, so, Arthur, tell us about it.

ARTHUR M. BOWMAN. Mr. Chairman, distinguished members of the committee, fellow citizens of our town. I really came, Mr. Chairman, to—like you—receive enlightenment. And I think after Jim Oliver's beautiful speech that I really should just say "Amen" and sit down. I also was impressed by Mr. Bussy, who happens to be Chairman of the Board of Directors of Neighborhood Legal Services; and by Mrs. Hines, who happens to be a very eminent staff member of that organization. But I couldn't help but think of some of the things that have happened over the last few years as a result of the existence of Neighborhood Legal Services. I think we sometimes think, "Well, this is an organization basically of lawyers. If the organization goes out of existence, they'll go into private practice, get rich and forget the whole problem." And perhaps that would happen to some of the lawyers. But I can't help but look at this thing from the perspective of the people I've been involved with.

Last year, Mr. Chairman, we helped 27,000 people in the County of Wayne with legal problems of one sort or the other. Last year, Mr. Chairman, our social service unit was involved one way or the other with approximately 40,000 additional people, who were given advice or some type of social service. I think that ordinarily, when we think about the law field, we don't see that as being part of a social service function. As a matter of fact, when OEO itself was created, there was no legal division in 1964. It was an amendment of a year later that they began to recognize that one of the problems of poverty, in addition to not having money, is that you need a lawyer to effectively, efficiently act as an advocate to express your position. The poor see the law as the policeman that gives them a ticket, "that nasty cop that gave me a ticket." The poor see the law as the bailiff that seeks their furniture out or takes their television set when it's partly paid for. The poor see the law as the prosecuting attorney who thinks that everybody ought to be given mandatory jail sentences. Unfortunately, that kind of thinking has to be opposed by people who are trained in law.

Mr. Chairman, I was thinking as I sat here that Mrs. Avis Holmes was our first plaintiff when we challenged model cities on the question of citizen participation, and I'm glad to say we won that case, because today model cities has a very effective citizen governing board, that sits in and makes the important decisions along with the model cities agency. Mr. Chairman, I was thinking about Mrs. Lena Bivitts. Do you realize that, representing Mrs. Bivitts, we went into U.S. District Court and challenged the right of certain conservatives here in this

town having put on the ballot whether or not black people could live in certain areas of the City of Detroit. We won that case. Do you realize that New Detroit had planned to spend one-quarter of a million dollars publicizing the wrongness of the so-called vote on fair housing? Our town had been polarized as a result of a 1967 civil disturbance. It would have been awful in 1968 to have people voting on where black people could live. Legal services went to court, and I'm very pleased that we won that case and that this town did not have that kind of division that would have resulted. Last year, I am certain we all notice that there was a decision handed down by the Honorable Judge Damman Keith, known as the Hamtramck case. Our office took the position that the City of Hamtramck was using so-called urban renewal to displace black people and to not allow them to come back into that town, so that urban renewal amounted to the black removal. For the first time in the history of this nation, a U.S. district judge decided that that procedure was unconstitutional and it would not be permitted. That came about because Neighborhood Legal Service questioned that town and what was going on. So you see, it is because we have been an effective, efficient advocate of the poor that people who otherwise could not afford to pay a lawyer, that the administration has decided that they are going to get rid of us. In the dismantling of OEO, everybody seems to have someplace to go but legal services and community action programs. And you know why? Because in both instances, you've got people who are fighting for the disadvantaged, the oppressed, people who otherwise would not be able to articulate their aspirations. Mr. Chairman, it would be a tremendous tragedy; Mr. Chairman, we cannot allow this to happen. OEO must be saved; legal services must continue to be the advocate of all people. Thank you.

SECRETARY. Mr. Charles Mason.

CHARLES MASON. Mr. Chairman, first of all I'd like to say that this is a phase which is a part of my religious background. I think that this country also stands for this kind of thing, that we can—. I'd like to say, first of all, that, after hearing about the budget that Mr. Nixon proposed, I could only think that it was an insane act, very insane, because I had recently read some statistics on poverty in this country and I found out that 10,000 people a year die in this country from malnutrition. I could only think at that point that it must be a madman to cut out a program that was designed to try to give some kind of aid or relief to that kind of condition. Also, I was kind of upset when I talked to some of the sisters and the brothers who worked in the program and asked them, what would they do after the program was closed. Many of the sisters said that they would have to go back on public assistance. This is ignorant. I can only say that it seems like the sentiment is that it's some kind of sin to want your job. MCHRD and OEO have done a beautiful job in the war against poverty when you think about the kind of funds that we operate on. It's no sin to want your job. I think that this country ought to do some of the kinds of things that would help all of us to uplift ourselves in terms of the poverty condition but I'd like to say to everybody here that Nixon doesn't plan to stop here. Nixon plans to bring all poor people down to their knees, whether you be white, black, chicano or otherwise. He plans to bring all of us down to our knees and it is the time now to begin to fight this kind of madman type of person, because no one can effectively fight on their knees.

Lastly, I'd like to say that the word is that the legislative branch of government has no power against the executive branch. I think it is now that the legislative branch of government (must) prove to us that we have some kind of redress with you. Otherwise, you leave us no alternative. Thank you.

Representative HOLMES. Mr. Mason, for the record, what religion do you belong to?

MASON. I belong to a Hebrew sect religion.

SECRETARY. Mr. Francisco Flores.

FRANCISCO G. FLORES. I'm a lapino and a chicano. I prefer to be called more of a chicano. I just recently came back to Detroit after a leave of absence of about six years. I came back in August. I've been involved down in Texas in OEO programs and model cities, as well. I still would like to refrain from commenting on the problems we have down there—hopefully, they're not the same here, as far as bureaucrats and administrative procedures. I would still like to wait and see. But I notice that some people bring back every so often, they think, "You are our leaders. You tell us what you want us to do." Like, if we have to demonstrate on the streets or if we have to write letters or we have to go to Washington or what. A lot of times, maybe not here but in other places, the leaders come back

and say, "You tell us. You elected us. You tell us what you want us to do." A lot of times; it's a sort of pingpong game, going back and forth. So one thing I want to emphasize, or let's stop here and say, here's, in my humble opinion, one constructive addition that I could say, here's what I suggest we do.

This is, I read in the national magazine, a weekly magazine, where the United States Congress does not have the same technical materials that the President commands. And this is one reason why the President can just go ahead and do things without consulting (Congress). He's got all the telephones, he's got all the technical equipment at his command and maybe stuff that we don't use at home. I understand that the only thing that Congress has at its command is an IBM computer that tells them what each one has done as far as his pay is concerned and, other than that, there's no technical equipment. Maybe Xerox or Ford or somebody, some big corporation, should contribute or rent them or something, some technical equipment so that they'd have all the facts at their command. The statistics that Mr. Oliver brought, and other gentlemen have brought, are interesting, but information increases so fast—I read, and this was years back, that information increases at a rate of something like a hundred thousand words a minute, and even your speedreaders can't read that fast. So it's very vital that Congress and maybe even the State Legislature—maybe a bunch of states ought to get together and pool their resources as far as, say on a regional basis, the midwest states have some sort of technical computers and consultants at their command just like the President. Otherwise, Congress is not even going to be a rubber stamp, only the states. And this is one of the contributions that I wanted to make. It's not my original idea, but I think it needs to be emphasized and repeated. Otherwise, we're just going to get lost in a sea of statistics, numbers and maybe more and more demonstrations. So I hope that this will be something that will be taken into consideration later on, and I would like to read more about it in the future from the press. Thank you.

Representative HOLMES. For the young man's benefit, you're perfectly right but you've got to realize basically that government was written to protect the rich, not the poor, and we are just now catching on, such as (conference) calls, national legislative conference, we're just now catching on. We are on the right road, and the President, we have what the President doesn't have—we have people.

REBECCA F. HARRINGTON. I'm Rebecca F. Harrington. I'm working in a mental health program in southwest Detroit with the lapinos, the Spanish-speaking people of southwest Detroit. Before I get into the process of education, I'd like to ask you some questions about where the information we're giving you is going, what's going to be done as follow-up and what kind of feedback or information we're going to get.

Representative HOLMES. All right, I'll try to answer your question. I was going to—you beat me to the rap, I was going to tell you after we give the wrap-up. This information will be taken, assembled, given to our colleagues—110 of them, because this is a House of Representatives' standing committee; then we will take it up with our counterpart, the Senate. Then we will take it up with the Governor. Now, as you know, it's up to the President and the Governor of each state to propose and (to) the legislative body to dispose. We're talking about some 221 million dollars of revenue sharing, which will be a (stopgap) as far as doing away with our programs. This is the first of many steps that will take place throughout this state. I don't know whether you were here or not, but before, at the beginning, I informed the constituency here the House Urban Affairs Committee will be here within the next few weeks to talk about OEO funds. I know the House Conservation and Recreation will be in here to talk about what's going to happen to sewerage and whatnot. So this is really the voice of the people speaking to their representatives so that we can work out a compromise with the executive branch of government.

HARRINGTON. This information, then, will be used in application to the April budget, right?

Representative HOLMES. Right.

HARRINGTON. O.k. I guess the next thing that I'd like to say is that I understand that only three people that are Spanish-speaking have testified today. I got the word of this hearing late in the afternoon and I think this is just another indication of the way the Spanish-speaking people in Detroit have been treated before too long. In the process of education, I'd like to indicate some things. Mr. Oliver said some very good things about MCHRD, but MCHRD hasn't really applied, related to lapinos and the Spanish-speaking people in Detroit, in southwest Detroit. NYC has very, very few Spanish-speaking people, lapinos. The Concentrated Employment program also has very, very few lapinos. The clinics that

MCHRD has have been staffed, not by lapinos, but by English-speaking people, thereby excluding very many people who cannot speak English, who cannot convey their feelings, their hurts or whatever, to the nurses or to the receptionists or anything, excluding a great, large number of people that way. Civil service in the State of Michigan, I think, totals 120 lapinos. The police and the firemen in this city and probably statewide don't number very many people that are Spanish-speaking. Four-tenths of one percent of the Wayne County social services caseload is lapino. There are no daycare centers in southwest Detroit that are free for lapinos to use, and this, on top of everything, twenty percent of the lapinos who live in southwest Detroit live below the poverty line, that is, \$3,000.

We have four lapino programs in southwest Detroit that serve lapinos because of the language, because we speak Spanish principally: (—), which is a U.S.-funded organization; (—), which is the health clinic and the social service clinic that's funded by the state; (—), which is a training program which is federally funded and privately funded; and also my lapino mental health occupation and training program, which is a federally funded one-year program that ends June 30 of this year. My point is this: that the lapinos in southwest Detroit have long been ignored. Lapinos have been coming, chicanos have been coming to Michigan since the early 1900's to work on the migrant farms, to contribute to the second-largest business in Michigan, second only to the automotive business. And I venture to say that this holds in all of the other cities in the state. This holds in the farmlands of the state, that the lapinos aren't being served by any of your OEO programs, by any of your state programs or the like. My point is that, we are just getting our foot in the door. We have a very, very, very measly number of programs that serve lapinos and then we're getting this, and I support the man that was before me, this insane person goes out and cuts programs like this, that are serving the people who have never been served before. I guess what I want to do is just voice my very pessimistic point of view, that (people) aren't going to do too much, that Nixon is not going to change his views on the way he thinks poor people and the way he believes the American dream is supposed to be, that you're supposed to rely on your own self, on raising yourself by your own bootstraps. What I'd like to hear from you is a denial of what my pessimism is saying, that maybe you will take this to heart. The lapinos have been ignored for an awfully long time, and that we shouldn't be ignored any longer. And we'll see you, David Holmes, over at the House, along with Ryan, along with all these guys, so that you can start paying attention to our needs, because we're tired of this jazz.

Representative HOLMES. I think the young lady demands a reply. First I will yield to my colleague. Then I will try to say what you want to hear.

Representative FERGUSON. Thank you, Representative Holmes. To the young lady, I'd like to ask, who is your representative?

HARRINGTON. Frank Wierzbicki.

Representative FERGUSON. Well, I would like to say this: Representative Holmes and myself, we (try to) consider the ghetto, the slum areas, and our people, they know where we are and if they call on the phone and they get a busy signal and it stays busy too long, they come over to our home and they explain—. And we fight for the needs of our people. So, what you do, you contact your representative and you let him know what your needs are, and I believe that he will do everything he can to help you.

Representative HOLMES. Let me try to go a little farther there, sister. Contact me.

HARRINGTON. I have. You haven't.

Representative HOLMES. I'd like to get with you off the record on that.

HARRINGTON. You and Roger Gross.

Representative WOLFE. I don't have any—I guess I'm too new to the process, having only been in the State House for a few weeks, really. I guess I'm too new to the process to yet have much sense of either optimism or pessimism. I'm not prepared to say that things are going to change but I am prepared to say that things aren't going to change if people give up and give into that sense of powerlessness that the President kind of hopes that they're going to give into. I know that in Kalamazoo, which is my own particular district, that there's very little awareness at this point in time, even on the part of the people who are calling the shots, as to the effect of the cutbacks. We just don't really have any clear understanding in the community, and I would hope that one of the functions of hearings such as this would be to communicate (so) that people would begin to be aware of what's happening and then that would just begin to press and press and go to Washington and do all the kinds of things that are necessary, so no one can pretend they didn't know what was happening.

SECRETARY. Margaret Jones.

MARGARET JONES. Thank you, Representative Holmes and the rest of the honorable body. Mrs. Ferguson, I know where you live and I know where to find you, Mr. Holmes. I wasn't going to testify but, you know, something struck me as I was going out the door. I've been here a long time and I've been overlooked a long time by the government, by civil service, and sometimes you just have to fight your way, and Mr. Holmes, you know that, better than anybody else, to even be heard. I have two children, they're ready to go into college in September, if there are any grants, if there are any loans, if the children's mother can stay off ADC (long enough) to put them there. That's where I'm going back to. I have three children to support and I'm one of those ones in MCHRD that's going to have to go back and, before I go back, Mr. Holmes, I learn how to organize. And I know some people. But I'm ready again, and we're not going to sit here and let them push us out into the street, because I can't no longer tell my boy that is seventeen years old that I don't have it. Because they're not going to hear that, and industry won't hire them. They took out the NYC that didn't qualify them no way. So I can no longer sit here and say, "You keep quiet," and I'm not going to try. I'm going to tell them, "Let's go together," and that's where I am going.

SECRETARY. Mrs. Mary Strong.

MARY STRONG. I really didn't intend to say anything, Mr. Holmes, I just intended to observe, but I've been watching this for a long time, the revenue sharing, and I could see where it's taking citizens' participation out. Now, I notice that in wartime, in the budget there's some kind of tokenism to appease the poor. In peacetime, the boys are sent home, and everything is taken away. If we will look at that budget, and I just see what the papers want you to see, you don't see everything, most of that money is for international defense. We have a health crisis in this city, the city and county (merger), that's moving citizens out. I'm just wondering, what's going to happen when people that's placed on public assistance—I happen to be an ADC mother, I have three children in college and I'm in college myself. With the programs and citizens' participation before OEO, the only participation that poor people had, regardless of race, was PTA. Of course, they argue in Washington, they argue in Lansing, and we have had our share of argument, trying to understand what's happening. If the game of the man with the money (is) to always play on two things—that's the color and housing. If you live in (Grosse Pointe), you're superior to somebody that lives in the slums or the ghetto. But, in my eyes, we only have one race, and that's the human race. And that's what I am speaking for today, that we, as human beings, regardless of your color, race, creed or religion, get together—and if it's demonstrations we need in Washington, I think we should do it, because we elect the President and any other public officials to serve us. They are our servants. And there's no such a thing that the President cannot change his mind, because he can. And (by) the people getting together—I think in history one president was impeached. So I think maybe this is what we need this time and I think this will teach us that we need to educate people that are part of the ballot box, the voting box, the poor people. We all are poor. You only have two classes in this country: that's the rich and the working class. If you're a lawyer, doctor, professor at a university, you're working. But if you're a ruler, you're buying stocks and bonds. So I would like to say to you, you and Mrs. Ferguson, I know, that you've been coming to the community and so have other representatives trying to tell us. But this is what happens—we're kind of hard-headed, we don't want to believe, but it's here. It's for real, so I don't know what recourse we can take or what we can do, but I know one thing we can do—we can go down to Washington by busloads, like Martin Luther King did when he had that dream, and we shouldn't let it die. I'm begging for this in the name of citizens' participation, for President Johnson and President Kennedy, let's start the ball rolling. Thank you.

Representative HOLMES. That is the last of the testimony, so Tina tells me. Let's give Tina a big hand. This is her first time out in public. You have been a gracious audience and a constituency. I can assure you that we will take this back to our colleagues and we may very well call upon you to come to Lansing to enforce what we have to say. I will declare this hearing adjourned.

Mr. HAWKINS. The next witness is Hon. Lawrence Cohen, mayor of the city of St. Paul, Minn.

Mr. Cohen, we are delighted to have you before this committee. You have traveled the distance that you have and we know that it is out of dedication and we certainly appreciate your appearing before us to participate in this hearing.

STATEMENT OF HON. LAWRENCE COHEN, MAYOR, ST. PAUL, MINN.

MAYOR COHEN. Mr. Chairman, gentlemen of the committee, I kind of have a two part show for you today, and part of this is visual. I want to let all of you know at the onset that I do not come from a place where we lack Federal leadership, I come from the land of Hubert Humphrey and Fritz Mondale and Joe Karth.

MR. HAWKINS. Those are all good names.

MAYOR COHEN. They are good names for me, too.

A week ago this last Saturday we held a town meeting in St. Paul and we had between 1,200 and 1,400 interested people show up at our civic center. Senator Humphrey gave us one of his usual stirring speeches and then we heard from people in the community. One very excellent part was that we had bankers present who care about our community and people from industry who care about our community. They know what can happen in the summer time when it gets hot. These people got together and stood up—and we are having a transcript of that meeting that was done over a week and a half ago along with the letter to the President. We are going to carry this message through and it is not just from us.

I think a meaningful thing is that the message not just come from poor people, that the message come from everybody as to what can happen to the total fabric of a city. Before that meeting I had an opportunity to take Senator Humphrey for a ride throughout our Model City area, and as he looked out of the car Hubert was making remarks like, "So the urban crisis is over, huh"? We had plywood covering a good many of our homes and it does not look like the urban crisis is over.

If we can get these screens set up, I would like to make some comments before and would like to invite you gentlemen now down here so you can see what is happening in the city of St. Paul. I think the city of St. Paul is a microcosm of the entire United States.

MR. HAWKINS. All right. The committee will accommodate the request and we will move out front.

[At this point a film was shown.]

[Applause.]

MR. HAWKINS. Mayor Cohen, you may proceed. We appreciated the presentation. I think it was very vividly portrayed. I think it brought a message home to us. I only wish I had one like that in Los Angeles.

MAYOR COHEN. I saw the President of the United States along with Mayor Gribbs and I felt that one of the problems that he suffered from was lack of seeing things and being isolated in the White House.

MR. CONYERS. Did you show him the film presentation?

MAYOR COHEN. We didn't even know we were going to see him, but I did meet a bunch of people who were composed of computer experts who were his advisors.

Gentlemen, the antipoverty program in St. Paul and in Ramsey County—and I serve in a strange dual capacity, I am Mayor of the city of St. Paul and I am chairman of the board of Ramsey County. Our antipoverty program is one of the most successful in the Nation. We have had a string of excellent executive directors, hard working and dedicated in the advisory committees and this has helped to make it an effective voice for the poor in St. Paul.

RAP, as we affectionately call it, has helped to deliver a broad range of services, from day care and health clinics to senior citizen and youth unemployment. It has fostered grassroots participation among the poor in our community to a far greater degree than any other agency or institution. Its legal assistance program is one of the best in the country. Besides these direct services, RAP has served as informal liaison between the poor and many city agencies, such as city hall, our independent school district and the county welfare department.

All of that, with the possible exception of Head Start and legal assistance, is in jeopardy. At this point assuming that Head Start and legal assistance are funded at present levels by other Federal agencies, we will lose about \$1 million of OEO funding on April 30 of this year, leaving an interim period of at least 14 months before any special revenue sharing could take effect which would pick these OEO program costs.

We have had indications of possible supplemental grants for a 6 month period. Certainly we are hoping to get these funds, but even if we do there is still an 8-month interim period before the Federal fiscal year 1975 budget begins on July 1, 1974.

Let me set either of those two OEO interim periods in a larger context. The city of St. Paul has already lost approximately \$12 million in other expected Federal funds with another \$15 million threatened. We have lost a \$3 million Model Cities program, millions of dollars of social service funds, \$2 million in manpower and environmental programs, \$5.5 million worth of moderate income housing where letters of feasibility were rescinded and many other programs. I have brought along copies of a sheet detailing these cutbacks.

The OEO funding crisis is just part of a much larger picture in St. Paul and Ramsey County. These massive funding cutbacks, this lack of any reasonable transition process on the Federal level, will force substantial program cutbacks in OEO and other programs. There are little or no funds on the local level to fund these programs formerly funded by the Federal Government.

If St. Paul looks to the State of Minnesota for help we find a State which has lost approximately \$115 million from the Federal cutbacks. That's just the State itself: total State, county and municipal losses are roughly estimated at \$200 million. In other words, the cities and counties of Minnesota are competing against each other for funding from a source which has itself just lost about \$115 million. I am not hopeful about having the State pick up costs for Federal programs operating in St. Paul.

Besides the financial context there is the social context, the impact on people which these cuts will have. It helps to comprehend that human impact when we translate dollars into jobs and realize that up to 4,000 direct jobs may be lost in the next 15½ months, not to mention the thousands of "spinoff" jobs that will be gone. This includes up to 125 direct jobs in our OEO program.

How do I describe the impact of not having a summer youth employment program? The impact of that won't be just no summer jobs for some 835 youths. The impact will be more vandalism, more shoplifting and serious crime. The impact will be higher police costs, greater social unrest and more communication breakdown between our youth and other parts of this community.

What can I say about three newly opened health clinics being shut down or emergency food programs being discontinued? What do I say to 400 elderly presently receiving hot meals when the food suddenly isn't there? What is the impact when four successful neighborhood service centers suddenly close?

Even this doesn't fully describe the impact of the cuts. Besides the stop of direct services, two other things will happen of greater long-range significance and I think these are very meaningful.

1. These abrupt terminations will increase governmental costs, not decrease them. Many of these social services are supportive services which enable us to keep public support to a minimum. For example, cutbacks in child care and job education programs will send mothers back to the welfare rolls at substantially greater public cost. Terminating our meals on wheels, chore services, and senior citizen employment programs will force our elderly out of their homes and out of the high-rises into nursing homes for which we already have a waiting list of 700 applicants. These Federal cutbacks will increase exactly what they are supposed to halt—the rising and inflationary spending of Government moneys.

2. These cutbacks will not only stop services but will also destroy the service delivery system itself. The President and others have pointed out that many Federal domestic programs have not been successful. In terms of some specific services no one would deny that. But when we ask ourselves about those so-called failures, about what their purpose was and why they failed, we find that many of these failures were actually smashing successes.

Across this country, in cities of all sizes, community organizations have come into existence. Hundreds of thousands of men and women have learned about planning and the dynamics of urban development. They have learned about politics and how best to get their fair share of the services provided.

That is not a failure. Perhaps specific services were not delivered in some areas, but more fundamental changes were taking place. These citizens—primarily the poor, the overlooked, the ignored—were developing the planning expertise and the political moxie they needed.

In other words, much of the effort in recent years has gone into the development of a sophisticated service delivery system. These Federal cutbacks will destroy that system, will nullify the long weeks and months of community organization and education. And not only will the structure of reality of community organization be damaged, but also that of agency delivery systems. For example, St. Paul's Housing and Redevelopment Authority will simply have to close up the shop if our next year's NDP funding does not come through.

This kind of organization and management capability cannot just be turned on and off at will. Lack of interim funding will destroy a service delivery system it has taken years to develop. To develop it again will take another 18 months to 2 years and substantial amounts of public funds.

That is the full scope of the effects of the Federal cutbacks in OEO and related areas.

Termination of critically needed social services, particularly to the poor, the young and the elderly.

Increased governmental costs, especially in the area of welfare.

Destruction of a sophisticated physical and social service delivery system which, at least in St. Paul, was entirely developed.

The President has ordered an end to the war on poverty—or at least a halt in the bombing—just when we had assembled our army and were ready to attack. We are still ready to attack our health, employment, education, housing, nutrition, and senior citizen problems, yet all of a sudden our weapons are gone and we are standing defenseless in front of our enemy.

We do not want a peace with honor, we want a victory. The war on poverty is not over, it is just beginning. [Applause.] I do not want to see America turn her back on the prisoners of poverty, forcing them to stay in the ghetto and the blighted neighborhood. I do not want to see America turn her back on the needs of the poor of this country. Yet this is what is happening with the destruction of the single Federal agency targeting services for our poor. This is what is happening with the impounding of OEO funds. This is clearly what is happening when the President of these United States appoints as acting head of the OEO a man who has publicly stated an avowed opposition to anti-poverty programs.

Gentlemen, I urge you and members of this subcommittee to do everything possible to stop this.

Thank you.

[Applause.]

MR. HAWKINS. Mayor, I think your statement is so clear and precise that it hardly deserves any questions really. I think the point that you make is very good, that instead of decreasing taxes as people are led to believe by the President that the cutbacks will actually increase taxes, and I think that you dealt with that subject in a very good way. I suppose you could save money by closing the classrooms but I don't think in the long run we would save anything by discontinuing hospital beds or closing the child care centers and the things that seem to be happening. I think your statement is a very excellent one and certainly the committee has benefited from the testimony which you have given.

Mr. Conyers.

MR. CONYERS. Thank you, Mr. Chairman. I share with you your view about the articulateness of this testimony. I can tell you have been hanging around with Senator Hubert Humphrey.

Do you or he have any kind of overall strategy in confronting this problem? I mean you have been here all morning with us and if the chairman of this subcommittee were to end these hearings at the close of today's session I don't think we need one bit more evidence to prove the validity and indeed the necessity of the programs that are going to be affected by this arrogant dismantlement.

Now we have identified the Members of the Congress that are for it. We have found a businessman here and there across the Midwest that will come forward. We have heard spokesmen of the largest union in this State and one of the largest in the Nation tell us where they were, so what is the strategy? What are we going to do? Months of hearings, if there were going to be such and if we had the time, what would they prove?

MAYOR COHEN. I believe that you have to convince other Members of the U.S. Congress who are not as sensitive as the gentleman on this committee when he asked for money in the Defense budget, the man in Washington that this Congress and the Senate of the United States

will be willing dollar for dollar to cut off in the Defense budget what he has cut off of all of the programs for people. I think it has to come through very clear. I think these committees speak out.

Our own meeting in St. Paul spoke out where we were able to get together—businessmen, industrialists, labor people, political leaders—to articulate this. Let me tell you the experience I had, and I was not kidding when I said that I felt we had met robots.

Mr. CONYERS. That was in the White House?

Mayor COHEN. That was in the White House in the Cabinet Room. When the President came in I must admit I was somewhat awe struck. No matter who it is, that is rather awe inspiring. But as he sat there it was my feeling that the President of the United States had been dealing with numbers, dollars, budgets, and not with human beings and that it had not got through to him until the mavors sitting around started talking about "Summer is getting hot and kids are without employment" that the President started to nod and look. What is happening this summer? Where are we going? Then someone suggested it could get very hot and I saw then he then became concerned, you see. I think we have to find some way to get inside that guy's head.

Mr. CONYERS. This is very encouraging. [Applause.]

Mr. Chairman, this is the most encouraging information we might get here today in the city of Detroit.

You mean the President showed some response toward the mavors and your associates that were there? He really began to act like he was receiving in this information?

Mayor COHEN. Some of the facial muscles twitched.

Mr. CONYERS. They did?

This is fantastic. I am grateful, very grateful.

Mayor COHEN. I wish we could get—

Mr. CONYERS. I have only been in Washington 8 years and I have been in the White House once under this administration. I don't know what the Congressional Black Caucus has accomplished. That was the one time that we all came in and we talked for hours and heads nodded perceptibly and people said "Right on" and all of that dialog went down. Then when we got back the evaluation of our 51 demands we were met with 51 reasons why none of these were feasible or practical or relative to what we had talked about.

So you even have to watch when you see facial muscles twitching; that is not always the sign that there is something going on—

Mayor COHEN. Congressman, let me tell you something. You don't learn America at Camp David, or in Florida, or in California unless you get out into the streets where the action is. As long as he is committed to staying in the White House and not surrounding himself with people, not talking with the committee chairmen who are so responsive to the poor of this country, I think we are in for some big trouble because I don't think he knows what is happening in this country. I really don't. [Applause.]

Mr. HAWKINS. Mr. Mavor, I want to agree with Mr. Conyers that you have certainly brought before this committee an observation which is most pertinent. One of the difficulties, however, is that the President has succeeded in dividing the American people. The Governors of various States are a little coy about their position, most of them, be-

cause they think they are going to get control of all the programs; they have been assured that the city guy is not going to get it but you guys who are running the States are going to get the money. Now the mayors from the cities come in and the President assures them that they are going to get the money directly, you know.

They all think they are going to get this same money. We cannot stimulate the local people to the realization that if they go along with the destruction of these programs and opposition to the Congress, the Congress I think would take much more leadership than even what it is doing now. Even the Congress is way ahead of the President in this respect.

If we can get the local officials, those at the local level that the President says he is trying to haul back over to the people—if we can get them to see that come July that all of these people and all of these problems are not going to be coming to Washington, they are going to be coming to the city hall, they are going to be going to the Governor's office and they are going to be raising hell at the local level. I am not addressing this to you because you know it already, but there are many who do not know it and I think it is up to us at some of these hearings to bring this message home.

You mentioned the summer programs for youth, but let's face it. The planning should have been done a long time ago; it is almost too late to do summer planning. Even if the money does come in June or July, it is going to be too late in most instances.

Mayor COHEN. Mr. Chairman, I can tell you the redtape has been so bad that generally we have never found out whether we are getting our summer money until June for a July program anyhow, so anything would be an improvement on that. [Applause.]

Let me tell you what they have done. Over the past 4 years these programs have been so badly mismanaged and they are now going back at the Federal mismanagement of the program and confusing it for local mismanagement. [Applause.]

Mr. HAWKINS. Mr. Clay.

Mayor COHEN. I just want to give you one shot and quote my senior Senator Hubert Humphrey that the Constitution when it says "to faithfully execute the law of the Nation" does not mean to kill. [Applause.]

Mr. HAWKINS. It is a real pleasure to have you before the committee.

Mayor COHEN. Thank you very much. I really appreciate this opportunity. [Applause.]

[A printed article follows:]

FUNDING CRISIS IN SAINT PAUL—MARCH 10, 1973

I. HUMAN SERVICES

Day Care: Program status uncertain . . . guideline changes eliminate local contribution from private sources . . . guidelines also change income limitations reducing participation by employed parents . . . possible loss to City of Saint Paul of \$1,200,000 in federal and local funds . . . guidelines could affect 20 day care centers serving over 500 children.

Senior Opportunities and Services: Program status uncertain due to Economic Opportunity Program (OEO) cutbacks . . . many elderly have participated in cultural, social and recreation programs supported by this program.

In-Home Supportive Services: Program status uncertain . . . changing federal guidelines could eliminate this program which is supported by federal and private funds . . . program helps senior citizens to maintain a safe living environment.

Daytime Activity Centers: Changing federal guidelines could restrict eligibility . . . program helps mentally retarded in the City of Saint Paul . . . possible loss of \$450,000 in County, State and Federal funds.

Home Health Care Services: Possible reduction in eligible clients due to federal guideline change . . . program provides low-income families and elderly with home nursing service.

Community Organization: Program terminated April 30, 1973 . . . OEO funds support neighborhood service centers and special programs for youth and consumers . . . loss of program means \$450,000 in federal funds.

Other Programs Affected: Information and Referral Services providing information on health, housing, day care, education, employment, etc.; financial and social counselling programs for low-income families; and several summer camp programs for low and moderate income youth.

II. HEALTH AND NUTRITION PROGRAMS

Neighborhood Health Clinics: West Side and West Seventh health clinics affected by OEO cutback . . . programs could continue until end of year.

Model Cities Neighborhood Health Clinic: Model Cities program terminated as of July 1, 1973 . . . health clinic to continue until at least July 1, 1974 if funding is provided.

Congregate Dining Program: Program provides hot lunches for the City's senior citizens . . . nearly 400 people served daily in four City locations . . . program funding uncertain . . . meals to continue until at least June, 1973.

Emergency Food and Medical Services: Program provides supplemental food for 900 children and young mothers per month . . . program affected by OEO cutbacks . . . status of program uncertain.

Other Programs Affected: Some Model Cities programs and some City of Saint Paul Bureau of Health programs.

III. HOUSING AND COMMUNITY DEVELOPMENT PROGRAMS

Neighborhood Development Program (NDP): \$11.1 million committed by HUD for 1973-1974 but changing guidelines could stop the program in neighborhoods and downtown . . . nationally the program has been terminated as of July 1, 1973.

Single-Family, Moderate-Income Housing (235): 55 new homes proposed in 1973-1974 . . . program suspended for 18 months . . . loss of \$1.2 million in federal funds and loss to local construction in jobs, supplies, services, etc.

Apartments for Moderate-Income Families (236): 500 units to be built or rehabilitated this year . . . program suspended . . . vacant land will not be developed . . . \$3.5 million in construction, jobs, services lost . . . housing badly needed by Saint Paul families.

Loans for Home Rehabilitation: Suspension of over \$1 million in federal loans to Saint Paul property owners . . . homes will continue to deteriorate . . . loss of construction to small businesses in Saint Paul.

Elderly Public Housing: Program suspended . . . need for 1,200 new living units for Saint Paul elderly not being met . . . anticipate loss of construction \$20 million.

Public Housing Operating Funds: Federal subsidy providing only minimal increase in funds . . . result reduction in services and building maintenance.

Neighborhood Facilities: Program terminated . . . no federal funds available to build facilities like Martin Luther King Center and Neighborhood House.

Open Space: Program terminated . . . current funds drastically reduced for park and playground development . . . loss to Saint Paul of \$350,000 in federal funds.

Other Programs Reduced or Terminated: Water and Sewer Grants, Public Facility Loans, Comprehensive City Planning, Project Rehab, and several Model Cities programs.

IV. MANPOWER AND YOUTH PROGRAMS

Public Employment Program (PEP): Program status uncertain . . . possible termination June 30, 1973 . . . 215 employees affected . . . possible loss of \$1 million federal funding to City of Saint Paul.

Summer Youth (REAP): Program status uncertain . . . loss of federal funds to the City to provide employment for young people in local government or private

businesses . . . last summer 835 young men and women employed in this program.

Recreation Support: Program status uncertain . . . athletic, cultural and environmental programs affected for 3,000 Saint Paul children and young adults.

Summer Food: Program status uncertain . . . possible loss of lunches provided in recreation centers for about 3,000 inter-city youth.

Manpower Demonstration Senior Citizen Employment Program: OEO to be terminated by year's end . . . program aids senior citizens in finding employment . . . in 1972—456 senior citizens found work through this program.

Mr. HAWKINS. The next two witnesses will represent programs which are very close to the people; Mr. Chris Alston, director of the Forest Park project, and Mr. Maynard Bussey of the Citizens' Advisory Council.

Mr. Alston, Mr. Bussey. [Applause.]

May I ask the witnesses to the extent possible, and it is going to be necessary before the day is over I am afraid, to try to summarize their statements rather than read them so that we can hear from just as many witnesses as possible. It is almost an impossible job for this committee in 2 days to listen to all of the problems but we are trying and we need the cooperation of all, particularly the witnesses. Sometimes rather than repeating what has been said or reading long statements, I think that if we can summarize from them it will help the other witnesses who are still yet to be called.

Now you are Mr. Alston, are you?

Mr. ALSTON. I am.

Mr. HAWKINS. Fine, Mr. Alston. You are director of the Forest Park project.

STATEMENT OF CHRISTOPHER C. ALSTON, DIRECTOR, FOREST PARK PROJECT

Mr. ALSTON. Honorable Members of Congress, my fellow citizens, I am very happy to come here and I shall indeed make my remarks as brief as I possibly can. I make them brief because my fellow citizens have heard me for two decades talk and they probably know what I am going to say and the Members of Congress have much business to do. I have prepared the documents and presented them to you.

I am very happy to be here for two reasons. One reason is that a number of years ago I worked with the father of one of the Congressmen sitting here, Mr. John Conyers, when he was a boy and his father and I got into a big argument because I said that the lad was going to be a doctor and his father said that the lad was going to be an architect. We put a dollar up and the lad doublecrossed both of us and became a Congressman.

The other one is Congressman Diggs whose father told me that I should look after him, and it turns out he is looking after me.

But I am happy because both of these young men followed the footsteps of their great fathers. They always come back and ask the people what they think, and for that reason I have ultimate faith in both of them that we are going to find our way out of this crisis for our city because in the end it is always the people who can find the answers.

I come from a neighborhood, I have no credentials. I am neither a businessman like the one who preceded us nor a legislator. I am a citizen in the neighborhood where I have lived for 58 years. I speak

after consulting the people in my neighborhood and my fellow citizens in the city at large because we are the people who have the problems that we ask you to help us solve.

The thing that is difficult in talking to you is that you represent what America is today. In terms of age, some 35 percent of the Americans never saw Roosevelt to know him, they were so young, and some 18 percent of this country weren't even born and it is possible that they can present to you a situation and a discussion of a situation which may seem to you startlingly anew but to those of us who are oldsters it is a continuation of a situation in this country and throughout the world which each generation buries under the cover of those that leave the indebtedness to their sons and to their daughters. Indeed, our great country is beset with that twin-horned growth and decay of great progress and great poverty.

If you young men who are now sitting in front of us who must legislate for us pause for 1 second and reflect that what we are about today did not start yesterday, it did not start with the great Roosevelt, it did not start with Coolidge—indeed the pessimism which seems to exist in America today, and I am talking as a person in a neighborhood who does not have that pessimism—started with George Washington because George Washington said that cities were no good and should not be built. There are those prophets of doom today who say the cities are going to die. Cities don't die. As long as there are people, cities will live.

I love this city I am in now, I have been in it all my life. I have seen it in its dark days, I have seen it in its hot days. I have seen Detroit in World War II when they said you could not make tanks and airplanes and send them down the same line. The great artisans in this city, the great workers in this city showed them that they could send an airplane down one line and a tank down another. They said that it could not come out of riots and people work together—it did it.

We have here in Detroit what they have all over the Nation. We have our greatness in this magnificent hall and you have the house that I live in that is 109 years old representing the various races and the various creeds and the various cultures that have existed in this city—French, English. It is rotting at the core but in the proud possession of my family who have lived there for 58 years in that area where the blacks number 70 percent of the population or more where as a boy I grew up and you had to speak Polish until you were 10 years old or you could not exist.

I watched our city in its greatness and I watched our city in the ruin which was that of the whole Nation. We have been working in our community for some 38 years, insisting for some 38 years that we have decent houses, decent working conditions; and each year, each period, each decade there are surveys made that tell the graphic story. We are now in the process of still attempting to rebuild our community and we see for the first time—and I wish my poor father were alive to see it—the first structures going up in that community that represents the fight of old man Charles Diggs who roamed that territory and cried out against its condition, and he is now dead and his son is carrying out that tradition; of Congressman John Conyers' words when he roamed that area and told young men to get into the union, to fight for houses as he brought his own son up in those meet-

ings, and we see his son today proclaiming that we have to do the same thing—where it will begin, where it will end in terms of reviving that spirit in America which is old. We have some proposals.

There is a man in the White House but that man in the White House I don't criticize, he told us what he was going to do. I didn't vote for him so I have nothing to lose. [Applause.]

What the Congressmen can do is take us back to those fundamentals of this country. Indeed I am not responsible. No black man is responsible for the shameful conditions in America because we were not responsible for making decisions, they did not let us make the decisions. I bear no responsibility, I accept no responsibility for the growth and decay which besets the greatest country in the world but I do join with those who say I want to change it out of the benevolence that I have for human beings to do it. [Applause.]

I could live in poverty, I was born into poverty. I can live in starvation, I was born into it. I can live in degradation because I was born into it. I walked the streets without food because food was not a part of the assignment of blacks in this country but I still had faith in the country because I had faith in the people.

A group of us citizens met, and I tell you I would not have met with them if I had not been aware of a changed situation in this country that indeed out of the chaos and out of the desolation and out of the confusion there has emerged for the first time in this country since reconstruction enough black Congressmen to represent their people and say in the halls of Congress what must be done. These 15 black Congressmen have inspired me at my age, even at the age of 60, to get into the field again because I believe in them. They have said to us and to the Nation and the Black Caucus, state of the Union, everything that I would say to you here today because they come from their own people and they speak not only as I have read their speeches of black men and black women, they are telling our country how our country can become great again.

When you go out of here, my organization has reprinted the speeches that the 15 black Congressmen made. We got it out of the Congressional Record and we called it the National Black Agenda of 1973. If white men in our country but would read these pages, they will learn how to save their society, and in saving their society they save us because the unfortunate part of the whole thing is that while I am not responsible for it, if it comes down around their ears it comes down around my ears, too.

Therefore, a group of us citizens when we were asked by the black Congressmen to come to Washington—and I had stopped going to Washington. I made my first trip to Washington when I was 15 and I am now 60 and I got nothing out of it and I said I am not going there any more, but they said come and we came and I am glad we did and we took to them these things. After the citizens all met here we took a bus and 10 went by plane, and we raised the money ourselves because we were poor people, and we presented them with safe summer jobs for the youth of our city. We told them. The citizens have the grass roots participation we said.

Third, we asked for more health facilities. Save the health facilities in America. In other words, we know that the cutbacks are affecting

the blacks, browns, and other minority people even more so than they are the whites.

Fourth, we asked them to insist on the retention of the senior citizens program.

Fifth, we told Congress that the Congress should direct cities and Federal revenue sharing should be utilized to keep housing, human services, and all of the programs designed to benefit the poor controlled by the poor.

We said that Congress should stress economic impact on the city of Detroit and other cities in which these programs are clothed. Congress, we said, should take a look at who is controlling the Federal revenue sharing money. We believed that there should be a local control over revenue sharing, and I don't mean the mayor—I mean the mayor along with the people in the community set up for that purpose. We therefore proposed to this subcommittee that there be an investigation conducted to determine that the cities who will be receiving and have received revenue-sharing funds are structured with citizen control and are spending this money for the benefit of the citizens, and we are on good authority.

Some 20 years ago when Urban Renewal came into being the cities were instructed that the only way they could receive Federal money was that they should so structure their administration, that they could have a workable program and that workable program should be submitted. There were several other conditions for receiving Federal funds.

Why should under this condition the same instructions go to cities unless you have a program, No. 1, of affirmative action guaranteeing against discrimination unless you have a charter that allows for citizens input and citizens association with you in the control of those funds. You don't get it.

We noted that an elected official will be asked how he plans to administer special revenue-sharing programs. Since there is no special revenue program at this time, this raises the question of citizens input. Before any administration administering of a special revenue-sharing program in our local government there should be meaningful citizens input and planning, not just advisory. [Applause.]

Now some of us have a little feeling about this advisory. I have been advising since I was 15 years old and they have been taking the advice, patting you on the head saying goodbye and doing as they want to do. We wanted it backed up with the technical resources to further insure that every grassroot as well as all other citizens has had input into the way these funds will be spent. This then may be a way of eliminating the alleged waste that has been stated as one of the reasons for the cutback in programs.

There should be some entity, commission, whatever; there is where citizen participation is included. [Applause.]

I see we have some citizens there that believe what I am saying—to vote where the money will be utilized in the city. For instance, some cities are building stadiums. Stadiums are nice but you can't house people and children in stadiums.

Subcommittee hearings should demand that there be a requirement that cities have a modern charter in order to receive Federal funds, revenue-sharing funds, adjust their charters to assure that citizens

will have control over revenue sharing because we are not going to squander the money that goes to make our houses, that is their best guarantee. In other words, Congress should enforce the adjustment of the revenue-sharing policies in such a manner that citizens can get more out of it.

The Detroit delegation that went to the Black Congressional Caucus stated that we further proposed that inasmuch as Mr. Nixon has talked about economy and careful spending we call upon him to arrange that all his appointees, most of whom are very wealthy men, become \$1-a-year men as they did in World War II, volunteering their services in the same manner in which high-moneyed people who took Government jobs during World War II did and put those wages back into the fund and then action will speak louder than words because we were told that 85 percent of the money went into high wages. That is a good way to demonstrate to the citizens that you mean business. We volunteer because our organization does not have any money, isn't that right?

During the war when we were in trouble men volunteered—not generals but they became generals for \$1 a year. Heads of corporations volunteered and they did a good, honest day's work for a change for a dollar a year. He can do that and that little bit will go back into the till.

We further propose that there be a congressional examination on the Indian treaties from as far back in history as they are recorded. [Applause.] There should be an investigation of the Bureau of Indian Affairs. There should also be an investigation of the treaties under which the Indians are receiving Federal funds today to see if they are being treated fairly. [Applause.]

We further propose that Congress propose that the millions of acres of Federal surplus and waterways in the United States be used with the agreement only with a commission of Indians who will decide who will get this land. Give the body which will conduct the allocation of the land administrative funds. We feel that this land already belongs to the Indians since, as we are sure you know, they were the first Americans. [Applause.]

The land is idle. The Federal Government owns land in vast tracks all over this country. They ought to be the ones who should decide to get it, and I assure you they would apportion it out freely and they will apportion it out fairly.

We further propose that Congress be very vigilant on the subject of foreign-aid funds. There should be an investigation on the foreign-aid budget to determine how much money shall be utilized.

Finally, we propose that Congress support the farmworkers and migrant workers of America, those great people who make it possible for us to have fresh vegetables and get paid probably the lowest of anybody in the land. [Applause.]

We feel and insist that wages of the migrant workers should be raised to the same minimum standards of those paid to people in industry. God created man and he didn't annoint one to be a farm-worker to get 75 cents or 85 cents an hour and another to get more. If you work, then you should be paid for your work. [Applause.]

Finally, gentlemen, I want to just go to school for 3 minutes if you will permit me. The man who is now dismantling the poverty program said that he is doing so with a mind that that is a Marxist idea. Please,

sirs, please take him to school and remind him that the first written account of poverty in the world was 2,000 years ago when it was written in the book that was taught to me, because I didn't write the Bible, that they came down from the mountain of Sinai in all of their poverty.

And remind him that the Judea Christian society introduced two things in the world: they introduced organized poverty and they introduced also the welfare system to take care of the poor. Please remind him for me that the protestant ethic upon which this society is based was given to them by—and I am not a preacher at all, but I was told that the protestant ethic upon which I exist and you was given by Saul which says that he who shall not work shall not eat, the assumption being that there was going to be a job because you can't be penalized, sirs, for something that does not exist.

The world didn't hear those words again until Captain Smith came to America to settle in America and the people would not work because they were lazy and he drew his sword and he said, "Those who will not work will not eat," and he repeated those words. They went across the way there and got some of the fish that were leaping up so high until you could knock them over.

Then the world didn't hear those words again until the Russians formed their society and in article 12 of the Russian Constitution it says, "Those who shall not work shall not eat"—also with the assumption that there must be employment.

So, therefore, I can only say to them that the responsibility for a man is to work or get a penalty. But inasmuch as you can't penalize him for something which is not there for him to object to or to take exception to, and that is work, the responsibility of the government therefore is to supply him with work. I will finally remind them that if the responsibility to supply them with work is violated by government, then they must take on the other thing the Judea Christian society gave them—it is their responsibility to see that the welfare of those people is protected with whatever funds that government has.

So, ladies and gentlemen and Members of Congress, I hate to have to lecture you on ecclesiastical conversation, but please remind Mr. Nixon for us because we cannot get close to him, that he represents what this country is and must be, and that is one in which the high-sounding principles of Hamilton were rejected by the Congress of the United States when our Founding Fathers came together, and he wanted a society of the high and well born and those of the broad masses, and they told Hamilton no, and they instituted what was the American plan under which we live today until he has taken powers, and that is the government of the people.

Even though I do not get what I should have and you should have out of this society, it is the eternal fight of me and of mine and the eternal fight of man that there does exist a society—and we can be that society—in which the unmet needs of people will be met. And that must begin in the neighborhoods where poor people like us live who may not be sophisticated and knowledgeable, but we are the hands that must defend the country if it is under attack, we are those who have made the 65 families that are rich and wealthy. We are not the high born, but we are the poor who occupy the cities, the towns. We

pay the taxes that are here. We raise the sons who sit in front of us who legislate for us.

Only when this society goes back to that period when people and their government, and their government especially—remember those words, that they are operating with the consent of the governed. Always remember that. Mr. Nixon has forgotten that he is operating as President, as manager, with the consent of the governed.

Thank you, gentlemen. Thank you very much.

[Applause.]

[The written material follows:]

THE NIXON CREATED CRISIS IN DETROIT

(By Christopher C. Alston)

The following proposals were composed at the strategy meeting of the representative group of delegates for the city of Detroit, with the purpose of submitting them to the Black Congressional Caucus, strategy session, money, March 12, 1978, Washington, D.C.

GENERAL THRUST

1. Save summer jobs for the Youths of our city.
2. *Citizens should be utilized:* Grass Roots Participation.
3. *More Health Facilities:* Save the health facilities in America. In other words, we know that the Cutbacks are the Blacks, Browns, other minority people of color, to get bad service, for instance, in the field of Health, because of the cutbacks, then Blacks and other minorities will doubly suffer.
4. Senior Citizen Programs.
5. Congress should direct cities that Federal Revenue Sharing should be utilized to keep housing, human services, and all other programs designed to benefit the poor, controlled by the poor.
6. Congress should stress economic impact on the City of Detroit, and other cities in which these programs are closed.
7. Congress should take a look at who is controlling the Federal Revenue Sharing money. We feel that there should be local control over Revenue Sharing.

We therefore propose to this Sub-Committee, that there be an investigation conducted to determine if the cities who will be receiving, and have received Revenue Sharing funds, are structured with citizen control, and are spending this money for the benefit of the citizens.

I noted that elected officials will be asked how they plan to administer Special Revenue Sharing Programs. Since there is no Special Revenue Sharing Program at this time, this raises a question of Citizen input. Before any administering of a special Revenue Sharing Program in our local government there should be meaningful Citizen input and planning (not just Advisory) backed-up with this technical resources to further insure that the very grass root as well as all other Citizens has had input into the way these funds will be spent. This then may be a way of eliminating the allegedly waste that has been stated as one of the reason for the cut back in programs.

MECHANISMS TO ASSURE CITIZEN CONTROL

1. There should be some entity (Commission whatever) where Citizen Participation is included, to vote on where the monies will be utilized in the city. For instance, some cities are building stadiums.

2. Sub-Committee hearing should demand that there be a requirement that cities have a modern Charter in order to receive Federal Funds (Revenue Sharing). Adjust their Charters to assure that citizens will have control over Revenue Sharing. In other words, Congress should force the adjustment of the Revenue Sharing Policies in such a manner that citizens can get more out of it.

The Detroit delegation to the Black Congressional Caucus further propose that the black Congressmen, and Congresswomen, propose a national demonstration protesting the budget cutbacks that affect the poor people of America.

We further propose that in-as much-as Mr. Nixon has talked about Economy and careful spending, we call upon him to arrange that all of his Appointees become "One Dollar A Year Men"; in the same manner in which high monied

people who took government jobs, during World War II, did so by volunteering and taking one Dollar per year wages. Action will speak louder than words.

We further propose that there be a "Peace Dividend" to win the War on Poverty in the U.S. of America, now that the destructive Viet Nam War is over.

We further propose that there be a Congressional Examination on the Indian Treaties from as far back in history as they are recorded. There should be an investigation of the Bureau of Indian Affairs. There should also be an investigation of the Treaties under which the Indians are receiving Federal Funds today, to see if they are being treated fairly.

We further propose that Congress, propose that the millions of acres of Federal Surplus Land and Waterways, in the U.S., be used the agreement (only) with a Commission of Indians who will decide who will get this land. Give the Body which will conduct the allocations of the land, Administrative Funds. We feel that this land already belongs to the Indians, since, as we're sure you know, they were the First Americans.

We further propose that Congress, be very vigilant on the subject of Foreign Aid Funds. There should be an investigation on the Foreign Aid Budget, to determine how that money shall be utilized.

We further propose that the Congress support the Farm Workers and Migrant Workers of America. We feel that the wages of the Migrant Workers should be raised to the same minimum standards as those wages paid to the people who work in industry.

THE FOREST PARK COMMUNITY

FOREST PARK I & II CITIZENS DISTRICT COUNCIL,
Detroit, Mich., December 13, 1972.

Hon. COMMON COUNCIL,
City-County Building,
Detroit, Mich.

DEAR COMMON COUNCIL MEMBERS: Enclosed for your information are copies of my personal letter dated November 24, 1972, to George Romney, Secretary of HUD, hand delivered in Washington, D.C. by Mr. Theodore Barnes, Detroit realtor, who acted as a courier.

You will also find copies of correspondence to date responding to this letter, including the historic HUD policy announcement in Mr. Hyde's letter that the Forest Park #2 grant reservation is to be placed in continuous escrow for exclusive use in the Forest Park #2 project only; and furthermore, that funds unexpended at the end of an NDP action year will not be lost but may be carried over into the subsequent NDP action year.

Since the problem of the loss of unexpended funds at the end of a program year has plagued Common Council and grass roots organizations for many years before NDP was even thought of, it is hoped that this policy can be made applicable to the whole range of federal monies necessary for viable social change, including urban renewal.

Also, I hope the interaction between Mr. Romney and the Forest Park #1 & #2 Citizens District Council may usher in a new dimension in citizen participation, one in which the citizens organizations carry their battle and grievances into the diplomacy and mechanics of politics in government. This would give more content to the meaning of citizen participation.

On behalf of the citizens of Forest Park, I wish to thank you for your continued support and leadership in our end of the battle to rehouse our city, a battle which has just begun.

Very truly yours,

CHRISTOPHER C. ALSTON, *Chairman.*

CITY OF DETROIT,
COMMUNITY DEVELOPMENT COMMISSION,
Detroit, Mich., November 8, 1972.

Mr. WILLIAM WHITBECK,
Area Director, Housing and Urban Development,
Detroit, Mich.

DEAR MR. WHITBECK: In all of the many negotiating sessions on the NDP application for Forest Park II, the one recurring unresolved issue is the HUD regulation that uncommitted funds at the end of an NDP action period are lost from the project.

We are all familiar with the long and difficult history of the Forest Park Urban Renewal effort. The present grant reservation was the result of arduous effort on the part of all involved. When a community and a city have waited as long as we have for action to begin, it is difficult to agree that any unencumbered funds from the grant reservations be lost at the end of an action period.

I urge that you take the necessary steps to include provisions in the Forest Park NDP contract that will return any fund unexpended or unencumbered at the end of an action period to the grant reservation.

Very truly yours,

R. P. ROSELLE, *Director.*

FOREST PARK I & II CITIZENS DISTRICT COUNCIL,
Detroit, Mich., November 24, 1972.

MR. GEORGE ROMNEY,
*Secretary, Department of Housing and Urban Development,
Washington, D.C.*

DEAR MR. ROMNEY: This is a personal appeal from one whose path has gone parallel to yours, and has suffered criticism, as you have, in your conception of what represents viable change which would bring peace and prosperity to our great people and our great nation. We have not personally met but once, but fate has met with us in events involving us individually on three (3) occasions; and each one, the results were successful for both of our dreams.

Before you leave Office, and I say unfortunately—leave Office, you and I, both dreamers and doers—and it is dreamers who have made America great—can, over the clap-trap of political fever, the mechanics of politics and the regulatory rules of protocol, bring America back to its real nation, bipartisanship in matters of people. It is this bipartisanship which has carried America through all of its crises, international and national.

Out of this has come some of America's greats. I refer to the great Arthur H. Vandenberg, Republican Senator of Michigan who introduced the modern concept of the practice of bipartisanship during World War II. And that great citizen, Wendell L. Wilkie, Republican Candidate for President during the War years, though defeated by Mr. Roosevelt, became his loyal opposition and went on to introduce the concept of one world, by which we live today—traveling as an emissary of his opponent. And those two great transcendentalist Presidents, Franklin D. Roosevelt and Dwight D. Eisenhower; the brilliant and unforgettable Ralph Bunche, who put us in the mainstream of international participation and good will.

Now, You and I! You as a representative of American Government, on matters of the vital issue of Housing; and Me as a representative of a community of citizens who have had and continue to have, faith that their Country is theirs and its institutions are for their use—the Forest Park Community, in the City of Detroit. I repeat. Yours and my paths have crossed before and here's what took place:

1. In 1958, I was President of Local 429 of UAW, at the New Haven Foundry, New Haven, Michigan. We made the vital parts for the motor of the cars for American Motors. You were trying then to bring American Motors back into the competitive automobile industry. You needed time, consideration by the unions and, above all, I was told that parts plants with whom you had contracts should be able to deliver. Our Plant, the New Haven Foundry, said that they could deliver only if they could remain competitive amongst the foundries; and they asked me to urge my workers to withhold their normal and just demands, to accept a lesser agreement until American Motors get back into the fight. With the clamor of local union politics, this was difficult for a local union president to propose. But somewhere I had read a speech you had made, although I had not seen you, and wasn't to actually see you for several years after, I was captivated by your daring, in face of adversity. Over much opposition, I brought the issue to my workers. They went along with me.

We'd like to feel that as a consequence, we were a part of those elements which brought American Motors back together. And as for the local union, from which I resigned to take on another job which ended up in my working with this Project, it is doing fine.

2. In a real sense, our next encounter was through your good wife, who came to my assistance in 1965 (see clippings).

During 1965, I had gone to Forest Park under the Total Action Against Poverty Program (TAP) to work with a group called the Krakow Gang, whom people claimed were terrorizing the neighborhood. I found out that they were not criminals but, like everywhere else, youths protesting the conditions that surrounded them and the seemingly inability of the adult world to solve these problems. Almost everyone condemned me, and my boys. Your good wife was one of the very few who stood by us. Today, since 1965, only one lad is in trouble. The others have grown up, married, and some have reeducated themselves in school. November 21, 1972: **THEIR EFFORTS HAVE BEEN REWARDED.** And they want one of the clusters of the Forest Park #1, their formal home, Development—to be called “ELEANOR”, with proper inscription. She came to us when we needed her and others doubted us (see Groundbreaking Ceremony Program and article enclosed).

The Krakow Gang “headquarters” was in Forest Park #1, part of Forest Park #2 which has been adjudged “the worst slum in the City”. I showed them how to turn their energies and their method of protest into one aimed at the real virus which affects them and others in this country. It was they, the Krakow Gang, which, in reality, led to the Groundbreaking ceremonies on the land where they were condemned and is the first large family public housing to begin in this City in Seventeen (17) years.

I am reminded of these words of Tennyson, written to the British who were mulling over the unorthodox activities of the rambunctious colonies and their victory: “Be proud of these stout sons of thine who’ve wrenched their rights from thee”.

3. Our final meeting, and the first time I met you personally, was at the TOPS Conference, here in Detroit. The pictures enclosed show the discussion between you and me at the Conference. Later on I was appointed by the Governor as a member of the Task Force to carry out the decisions of the body. As you know I was not in full agreement with the Conference. Nevertheless and over the objections of some of my contemporaries, I agreed to serve and am serving now and accepted the commission to go to Atlanta, Georgia several weeks ago and to report back on Regionalism. I have done so.

I am a Democrat and will remain so. I am a Veteran of World War II, and a Black, and proud of both. But most of all, I am proud of the fact that I am a person and that we are all people. There’s an old axiom that only when diplomacy falls down, does war become the arbiter of disputes. We, here in Forest Park and the City itself, are all sick of the play on words associated with the Forest Park Development. The letter enclosed from Mr. Roselle to Mr. Whitbeck poses the problem. If we can go to the Moon, can we not swiftly solve this regulatory barrier? You could do it with a stroke of your pen.

I propose that you, Mr. Whitbeck the Detroit area HUD Office Director, Mr. Roselle, Director of the Community Development Commission, a member of Common Council, and I all with whatever they need with backup expertise—meet wherever you decide and as quickly as possible; or if you want a meeting with simply me and yourself (my people trust me and I believe the City of Detroit does too), this can also be done.

Please let the Courier know, as this is being hand delivered by Mr. Theodore R. Barnes, our Consultant for Real Estate and Relocation; with the full knowledge of the Community Development Commission and Common Council.

We do not intend for this to be a “Man Bite Dog” affair, therefore, hopefully we can make a press release together on the preemption and implementation of your announcement on Thursday, November 23, 1972, of a “Citizens’ Lobby” (see Detroit Free Press clipping).

Sincerely,

CHRISTOPHER C. ALSTON, *Chairman.*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
Washington, D.C., December 1, 1972.

Mr. CHRISTOPHER C. ALSTON,
Chairman, Forest Park #1 & #2 Citizens District Council,
Detroit, Mich.

DEAR MR. ALSTON: This acknowledges receipt of your letter of November 24, 1972, to Secretary Romney and also serves as a follow up to your conversation of November 27, 1972, with Mr. William Anderson of my staff concerning the Forest Park II urban renewal project (R-138) in Detroit, Michigan.

When a conventional urban renewal project which is still in the planning stage, such as the Forest Park II project, is converted to the Neighborhood Development Program (NDP) approach, the Federal capital grant reservation which had been established for the conventional project is placed in an escrow account for the funding of NDP activities in the original conventional project area. Funds from this escrow account are used for providing the annual fund increments required for NDP activities in the original project area. Since NDP is by statute an annualized program, an annual HUD review is required prior to agreement on funds for each NDP action year.

The fact that the initial NDP action year does not require the entire amount of funds in escrow does not jeopardize the remaining escrow balance which continues reserved for subsequent NDP annual funding. It should further be noted that if the total amount of funds made available for an NDP action year is not used in its entirety, the unexpended balance may be carried over into the subsequent NDP action year. The use of such unexpended funds, however, is contingent upon the review by our Detroit Area Office as to the City's performance and capacity to administer the project.

Further, since funding agreements are made between HUD and the City, I would suggest that you continue your discussions with local officials. I am sure that Mr. Robert Roselle, the Director of the Community Development Commission, or members of his staff will provide all assistance possible.

Thank you for your interest in the programs of this Department.

Sincerely,

FLOYD H. HYDE, *Assistant Secretary.*

[From the Detroit News, Oct. 12, 1972]

HUD FREES FOREST PARK FUNDS

(By Clark Hallas)

A union leader's faith in former U.S. Cabinet official George Romney more than a decade ago may have been partly responsible for an unprecedented federal policy decision which led yesterday to a major victory for Detroit's worst slum.

The U.S. Department of Housing and Urban Development (HUD) has agreed that federal money unspent by the end of the funding year will not be lost to Forest Park's long-delayed urban renewal program.

It means that the east side neighborhood—a housing disaster area since the 1930's—can finally begin fulfilling its dreams of rehabilitation with \$10.4 million promised, but then bottled up, by HUD for more than three years.

Behind the decision lies an interesting series of developments.

When HUD began renegeing again on its Forest Park commitment last month, a group of 12 neighborhood leaders held an emergency meeting.

They were led by Christopher Alston, a tireless black community leader who has lived in Forest Park for 58 of his 60 years.

The group, which calls itself the Forest Park Citizens District Council, stayed up past midnight on Nov. 23 in an attempt to find a new approach to solve their discouraging problem.

"We've got to come up with something unorthodox," Alston said.

Romney was scheduled to depart as HUD secretary on Nov. 27—the following Monday—and Alston feared that a new regime in Washington might further threaten Forest Park's funding program.

When the meeting broke up, Alston promised his "kitchen cabinet" that he would return the next day with another idea.

The next day he sat down and composed a long emotional letter to the outgoing HUD leader.

In it, he pointed out to Romney that their paths had crossed before.

Ironically, when Romney was president of the then-ailing American Motors Corp. in 1958, Alston was the newly elected president of UAW Local 429.

The local represented workers at the New Haven Foundry—a firm that supplied motor parts to AMC.

"You were trying then to bring AMC back into the competitive automobile industry," he wrote Romney.

"You needed time, consideration by the unions and, above all, I was told that parts plants with whom you had contracts should be able to deliver.

"Our plant said that they could deliver only if they could remain competitive amongst the foundries, and they asked me to urge my workers to withhold their normal and just demands, to accept a lesser agreement until AMC got back into the fight."

Alston recalled that "with the clamor of local union politics," he was put in a difficult bind. A hold-the-line wage demand was something his membership resented bitterly, he said.

"But somewhere I had read a speech you had made, and although I had not seen you, and wasn't to actually see you for several years after, I was captivated by your daring in the face of adversity," he told Romney.

"Over much opposition, I brought the issue to my workers. They went along with me."

Alston recalled that his decision to give the company more time was such a volatile issue that he often received threats of physical violence from his workers when he arrived at the plant.

"But two years later the company recovered, we got a good contract and I was elected to two more terms as president before retiring in 1962 to enter community work," Alston said.

On the following Monday—Romney's last day in office before entering private life to head a citizens' lobbying effort—the Forest Park Council sent the letter to Washington via a courier, Detroit real estate man Theodore R. Barnes.

Because of a mixup in plane schedules, Barnes—who had alerted Romney the letter was coming—arrived in Washington at 6 p.m.

Romney waited at his office until 5 p.m. and then went home, leaving instructions that the letter be delivered that night to the home of his secretary, Mrs. Peg Little.

She received Alston's letter and then delivered it to Romney, who read it that night.

Later that evening, Alston received a wire from William Anderson, a Romney aide, notifying him that the letter arrived.

On December 1, Floyd H. Hyde, assistant HUD secretary, responded to Alston's letter.

His letter read in part:

"The fact that the initial NDP (Neighborhood Development Program) action year does not require the entire amount of funds in escrow does not jeopardize the remaining escrow balance which continues reserved for subsequent NDP annual funding.

"It should be further noted that if the total amount of funds made available for an NDP action year is not used in its entirety, the unexpended balance may be carried over into the subsequent NDP action year."

The decision, formally announced yesterday, represented a major HUD policy switch which could affect other Detroit urban renewal areas, Alston said.

In the past, HUD had insisted that uncommitted funds at the end of NDP action year be turned back to the federal government. This had handcuffed two other Detroit projects—Virginia Park and Jefferson-Chalmers—as well as Forest Park.

The HUD reversal, according to city officials, means that Forest Park can now count on its original \$10.4 million grant without fear of having to return part of it each year and face possible cuts in federal allocations, which are renewable each year.

[From the Detroit Free Press, December 8, 1972]

HUD POLICY TURNABOUT ENDS FOREST PARK MONEY FEARS

(By Don Lenhausen)

In an apparent national policy turnabout, the Department of Housing and Urban Development (HUD) ended fears that the Forest Park Rehabilitation Project No. 2 may lose government funds.

The project includes a 128-acre area bounded by the Chrysler Freeway, Leland, the Grand Trunk Rail Road, Forest, Warren and Russell.

A HUD official told Christopher C. Alston, Forest Park Citizens District Council chairman, that Detroit won't have to return HUD money that is not spent during a contract year.

Alston said this requirement has cost millions of dollars for urban renewal projects, including two in Detroit.

He said the assurance from Floyd H. Hyde, a HUD assistant secretary, apparently amounts to a new national policy.

"This will affect people all over the country," Alston said. "They will not lose money. This is not for Forest Park alone."

Alston also considered highly significant a statement by Hyde that reserved federal funds for an urban renewal project will be kept in an escrow account for that project alone when it is altered to Neighborhood Development Program (NDP).

In the past, Alston said, money for one project has instead been used for others.

Alston said the Forest Park Project had been held up since 1969 because citizens objected to policies which Hyde's letter indicates have now been changed.

This question of unspent money has been the prime concern in the past three months. Even after the citizen group and Common Council approved the project's initial phase last month, they continued to seek assurance that the city would lose no money.

Hyde's letter containing such assurance came a week after Alston wrote HUD Secretary George Romney.

Initial acquisition of property for Forest Park No. 2 is already underway in a first-phase program costing \$4.8 million. It will affect 141 families, 80 other persons and 20 businesses.

[From the Michigan Chronicle]

FEDERAL FUNDS ASSURED FOREST PARK

The U.S. Dept. of Housing and Urban Development (HUD) has agreed that federal funds unencumbered at the end of the action year in the Forest Park II urban-renewal program will not be lost to the project.

This agreement came in response to communications to HUD officials by Christopher Alston, chairman of the Forest Park Citizens District Council, and Robert P. Roselle, director of Detroit's Community Development Commission (CDC).

On Nov. 24, Alston had sent a letter to HUD Secy. George Romney, asking him to personally intercede in resolving this deadlock over the last remaining issue in the Forest Park project.

On Dec. 1, Floyd H. Hyde, assistant secretary of HUD responded to Alston's letter. Hyde's letter read, in part:

"The fact that the initial NDP (Neighborhood Development program) action year does not require the entire amount of funds in escrow does not jeopardize the remaining escrow balance which continues reserved for subsequent NDP annual funding.

"It should be further noted that if the total amount of funds made available for an NDP action year is not used in its entirety, the unexpended balance may be carried over into the subsequent NDP action year. The use of such unexpended funds, however, is contingent upon the review by our Detroit area office as to the city's performance and capacity to administer the project."

Alston said: "We appreciate this clarification of policy as regards Forest Park. We are most happy to have this opportunity to demonstrate that we can perform as a recipient of federal funds—the citizens and government working together."

The city of Detroit has submitted an application to HUD for \$4.8 million for the first five months of the NDP, to run from Jan. 1 to May 31, the end of the NDP fiscal year.

The Forest Park NDP application had been submitted earlier. The one recurring unresolved issue, according to Roselle, had been the possibility that uncommitted funds at the end of an NDP action year would be lost from the project.

Alston and Roselle had urged HUD Area Director William Whitbeck to include provisions in the Forest Park NDP contract which would retain any such unencumbered funds as part of the grant reservation.

Whitbeck worked with Alston and Roselle in seeking resolution of the matter.

Whitbeck said, "This is indeed heartening news. And I am pleased the issue has been resolved in a cooperative manner."

MODEL NEIGHBORHOOD COMPREHENSIVE HEALTH PROGRAM, INC.¹

¹ Sponsored by the Model Cities Program—City of Detroit.

A. HISTORICAL DEVELOPMENT

In 1969, a non-profit community corporation known as the Health Council of the Detroit Model Neighborhood began planning a comprehensive health care

program for the residents of the Detroit Model Neighborhood. The original members of the Health Council were elected representatives from the Model Neighborhood areas and sub-areas who were also members of the Standing Health Committee of the Citizens' Governing Board. The Health Council expanded its membership to include representatives from Wayne State University, Detroit Department of Health, Blue Cross-Blue Shield, Greater Detroit Area Hospital Council, Regional Medical Programs of Wayne State University, etc. for a total membership of 25 individuals. The consumer members from the Citizens' Governing Board had been recipients of a Consumers Health Training Program, which had been funded by the U.S. Department of Health, Education, and Welfare in 1968. The Health Council distributed their rather detailed comprehensive health plan to various provider or potential provider groups, which included Ford Hospital, St. Joseph's Hospital, Community Health Association and Metropolitan Hospital and clinics, Wayne State University, and others. Active negotiations were undertaken and after formal presentations were made to the Health Council on February 16, 1970, the contract was awarded to a newly formed provider group named the Model Neighborhood Comprehensive Health Program, Inc., a non-profit health services corporation, directed by Dr. Thomas M. Batchelor. Negotiations were undertaken and consummated with the Detroit Medical Center hospitals to provide all in-patient, specialized out-patient, and emergency room services under the direct supervision of the MNCHP group physicians. All of the physicians had staff privileges at one or more of the participating hospitals which included Grace, Harper, Hutzel, Children's and Rehabilitation Institute of Detroit. Every enrollee was admitted as a private patient of a MNCHP physician into semi-private or equivalent accommodations. An agreement was established with Olivia Extended Care Facility to provide continuing care to those patients who no longer required acute hospital care. Agreements were negotiated with the Visiting Nurses Association and the Homemakers Service of Metropolitan Detroit to provide various levels of home care for those patients who did not require hospital, extended or nursing home care.

A contract was negotiated with Dean Barr of the College of Pharmacy of Wayne State University to provide a Director of Pharmaceutical Services who would have the responsibility of developing and monitoring the entire prescription and medication program, utilizing existing pharmacies located in the Model Neighborhood area. A detailed proposal was mailed to all the pharmacies in the area and seven indicated a willingness to participate. Subsequently, a very unique and comprehensive pharmaceutical program evolved. The patients were allowed to select the pharmacy of their choice from the participants and complete drug profiles were maintained from the outset.

A contract was negotiated with Dean Shetland of the School of Nursing of Wayne State University to provide a full-time Director of Nursing Services whose responsibility was to develop and implement a nursing service program for MNCHP, Inc. A very effective in-service training program was developed for Nurses, LPN's, Clinic Assistants, Medical Secretaries and Health Service Coordinators. The Director of Nursing also coordinated all activities between MNCHP, visiting Nurses Association, and Homemakers Service of Metropolitan Detroit.

An agreement was negotiated with the American Ambulance Service to provide necessary transportation to acutely ill and incapacitated patients to and from the hospitals.

Various vendors of surgical, orthopedic, and optical supplies were contacted and competitive bidding initiated on all items to be purchased.

The ambulance facility was housed in 6,000 square feet of space in the Professional Plaza in the Medical Center and the entire staff was recruited including physicians, optometrists, nurses, audiologists, and other professionals and para-professionals. The first patient was actually treated on April 20, 1970, just six weeks after MNCHP had actually been incorporated. Because of an acute space shortage in the Professional Plaza, MNCHP moved to the former London Inn Motel facility in November 1971. The new quarters, which have since been purchased outright for MNCHP by Model Neighborhood Agency, provides three buildings with a total of 53,000 square feet of space. This facility with adequate parking has lent itself through minor remodeling and renovations to a very attractive and functional ambulatory center which is within one block of the Detroit Medical Center.

In July 1971 MNCHP was awarded a grant from the Michigan Association of Regional Medical Programs to provide Community Health Service Coordinators as well as a transportation component to our Program. This has proven to be a

very unique and vital link in a comprehensive health care delivery system. The transportation mechanism is further supported by free taxi service to Model Neighborhood residents through the Alpha Company. Ready access to all components of our comprehensive health program is assured.

Enrollment was originally planned for 5,000 residents of the Model Neighborhood Area during the first year of operation on a gradual basis, namely, 350 enrollees during the 1st month, 1,000 enrollees during the 2nd month, etc. The Resident Agents of the Health Council began enrollment on April 13, 1970, after they had been given an intensive training and orientation program. The health plan grew very rapidly from the start. In the first seven weeks, the enrollment rate was approximately 1,000 per week and reached 6,800 by June 5, 1970. During the first 10 days, the Resident Agents actively solicited enrollment in the community. It soon became apparent that the enrollment rate was too rapid, and at that time the Health Council decided that only those residents who called or came into the office would be enrolled. This policy was followed until the latter part of July when it was decided to further slow the rate of enrollment by requesting all residents seeking to be enrolled to leave their names with the Health Council and they would be contacted at a later date for enrollment. In slightly over three months, the enrollment had reached 9,500 and by joint agreement between the Health Council, Model Neighborhood Agency, and MNCHP, enrollment was closed until December, 1971.

A contract was signed with Blue Cross/Blue Shield on June 1, 1971, to provide comprehensive health care to those subscribers who were either enrolled in the health program or on the waiting list maintained by the Health Council.

On December 28, 1971, an agreement was signed with the Michigan Department of Social Services for MNCHP to provide comprehensive health services to 10,000 Medicaid recipients who resided in the Model Neighborhood Area on a prepaid capitation basis. Enrollment under this contract began on March 1, 1972.

B. SCOPE OF SERVICES

The purpose of this Program is to provide high quality, pre-paid comprehensive health services to Model Neighborhood residents. The Model Neighborhood Comprehensive Health Program, Inc. (MNCHP), a non-profit corporation, is the provider of services for a Model Neighborhood comprehensive health system. The Year III Program is being designed to serve an average population of approximately 20,000 enrolled by the Health Council of the Detroit Model Neighborhood, Inc. (Health Council). To the extent that adequate funds become available from non-supplemental sources (e.g. third party payors, other governmental sources, etc.), this population will be increased. Enrollment is presently approximately 14,000. It is hoped that this Program will not only improve the health of Model Neighborhood residents, but also demonstrate a health care delivery system which overcomes some of the shortcomings of existing health service delivery.

The MNCHP provides, directly or by means of sub-contractual agreements, comprehensive preventive, diagnostic, therapeutic and rehabilitative services to the population enrolled by the Health Council, which is our citizen planning and marketing division.

The services provided are:

1. General and specialty medical/surgical/health services as needed.
2. Up to 865 days of in-patient hospital care when ordered by an MNCHP physician in Harper, Hutzel, Children's, Grace Hospital and the Detroit Rehabilitation Institute in the Medical Center and in other hospitals with which the MNCHP may affiliate.
3. Up to 730 days of convalescent care for each continuous period of confinement in an extended care facility, a nursing home or, when less than 60 days elapse between, in both. Where more than 60 days elapse, the 730-day period is renewed. The 730-day period is reduced by two days for every day of general hospitalization provided to the same patient.
4. Home care services, as needed, are provided by MNCHP personnel and/or the Visiting Nurses Association and the Homemakers Service of Metropolitan Detroit.
5. General and specialty nursing services in the hospital, out-patient center and home, as required. Private duty nursing is excluded except as may be ordered by an MNCHP physician.
6. Some mental health services through MNCHP psychiatric, social work and nursing staff.

7. Social work services, as needed, through the MNCHP social work staff.
 8. Rehabilitative services, as required, through the Detroit Rehabilitation Institute and the Medical Center institutions. Up to 30-day rehabilitative hospitalization is provided. But assistance is given to find alternative funding for cases requiring longer stays.

9. Nutritionist, dietetic and home economist services, as required, through MNCHP staff.

10. Health education services by MNCHP staff.

11. Laboratory and x-ray services. Diagnostic and therapeutic radiological procedures including the use of radioisotopes, laboratory services, electrocardiography and other special diagnostic services are provided as needed.

12. Post-enrollment comprehensive health examinations for every enrollee as soon as practical after entry into the Program.

13. Mass and individual immunizations, as needed, by the enrolled population.

14. Eye examinations and refractions for glasses. Where required, eye glasses are provided.

15. Pre- and post-natal care services, as needed, through MNCHP staff.

16. Prosthetic appliances prescribed by MNCHP physicians.

17. Podiatry services as needed.

18. Family planning services.

19. All drugs prescribed by MNCHP physicians are provided by and through MNCHP. Pharmaceutical services also include individualized counseling services to enrollees, educational services to the community in general, and coordination of all prescription and drug related services.

20. Emergency ambulance services to the Model Neighborhood Comprehensive Health Center and affiliated hospitals when ordered through MNCHP.

21. Twenty-four hour emergency service in Medical Center hospitals. The MNCHP maintains a 24-hour telephone service for this purpose.

22. Emergency services obtained by the enrolled population through physicians and/or institutions not formally affiliated with or arranged for by MNCHP. Enrollees who receive such services are transferred to affiliated institutions when a MNCHP physician considers transfer medically safe and feasible and authorizes it. The cost of transportation in transferring patients is covered by MNCHP. The MNCHP maintains records on each enrollee utilizing such emergency services. Records contain the nature and cost of services provided and where they are provided.

23. Treatment and rehabilitation services for addicts and preventive services are provided by MNCHP under the direction of the Drug Abuse Program Director pursuant to a contract between the MNCHP and the Health Council.

24. The MNCHP trains and employs para-professionals as auxiliary health workers in an effort to improve the Comprehensive Health Program by:

(a) Increasing patient acceptance and utilization of health services; and

(b) Using trained para-professionals to perform services which need not be performed by professionals, thereby improving the efficiency and effectiveness of the professional staff.

The following services are not responsibilities of the MNCHP:

1. Payment for services which are a financial obligation of a third party, including workmen's compensation and other primary insurance carriers.

2. Non-emergency services obtained through doctors and/or institutions which are not formally affiliated with the MNCHP.

3. Long term hospitalization beyond that specifically provided for.

4. Medical and/or surgical services considered to be still experimental in nature, such as organ transplants.

5. Dental care, except oral surgery, when ordered by a MNCHP physician.

6. Cosmetic surgery.

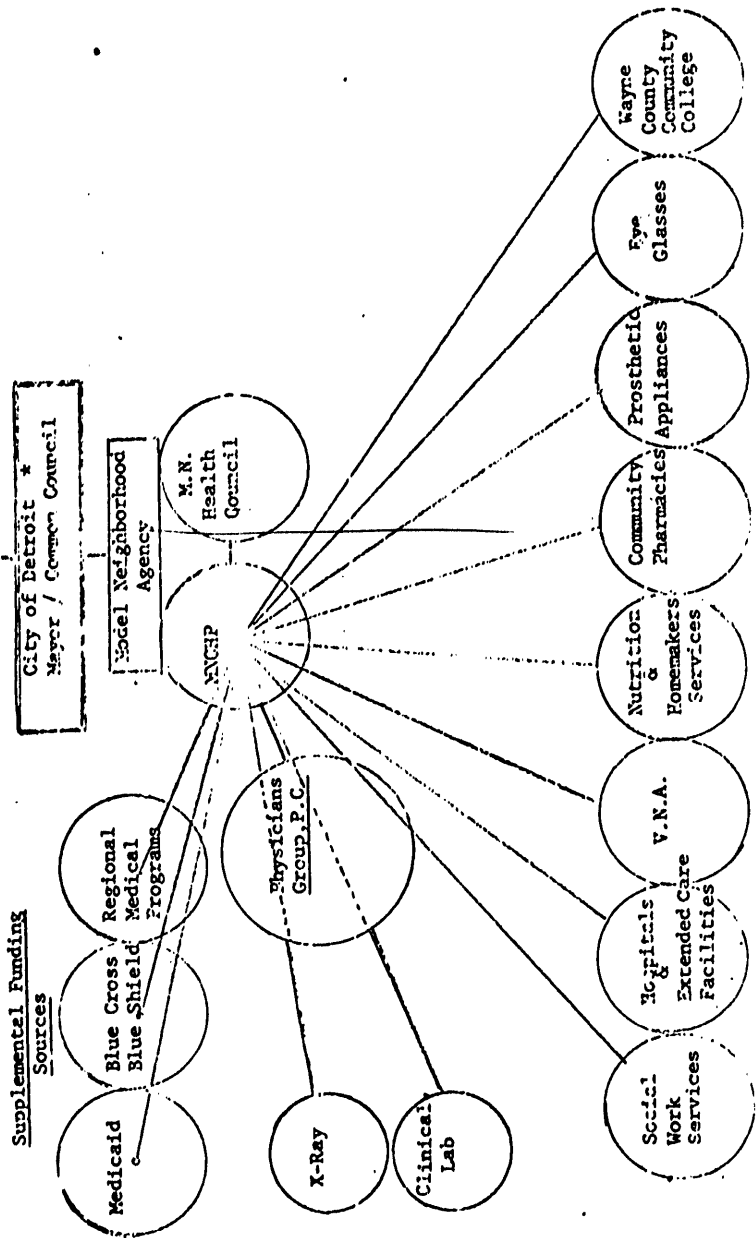
7. Private duty nursing except when ordered by a MNCHP physician.

The MNCHP makes the abovementioned services available to the enrolled population directly by or through the physicians, health professionals and para-professionals it employs and assembles as a formally associated Comprehensive Health Care Group. Staff is employed in accordance with good medical/health/surgical practice.

If the MNCHP provides professional services to any non-enrolled patients, preference is given to the Model Neighborhood enrolled population. Funds provided to MNCHP for making services available to the enrolled population are not used to defray the cost of providing care to any non-enrolled people without the approval of the CDA. Any funds generated by the MNCHP by providing services to non-enrolled patients goes to the MNCHP and are documented for the Model Neighborhood Agency and the Health Council.

Model Neighborhood Comprehensive Health Program, Inc.

Contract Organization Chart



DIST COPY AVAILABLE

Where services to be made available by or through MNCHP to the enrolled population are not directly available through the MNCHP Comprehensive Health Care Group; the enrollee is referred by the MNCHP to a qualified specialist or specialists for necessary services without any cost to the enrollees.

Reimbursement to these specialists is the responsibility of any existing third party payors covering such services. The MNCHP, which shall not be considered a third party payor, reimburses specialists for such services when a third party payor does not exist, or when such services are an excluded benefit by the existing third party payors.

Records are kept of the specialist's billings to third party payors or MNCHP, and of third party payor receipts and summarized for the CDA and Health Council each month.

The MNCHP will, with prior approval of the CDA acquire and set up a facility or facilities for providing the described ambulatory, health education and training services consistent with good health/medical practice.

STATE OF WISCONSIN,
Madison, Wis., March 16, 1973.

Representative RICHARD A. FLINTROP,
District 56—Winnebago County,
Madison, Wis.

DEAR REPRESENTATIVE FLINTROP: I appreciate your willingness to appear before a subcommittee of the House Education and Labor Committee to express our deep concern about some of the drastic changes which the Administration has proposed in our current programs aimed at combatting unemployment, poverty and welfare dependency.

Our efforts in Wisconsin to attack these very serious problems will be severely handicapped by the cumulative effects of the proposed cutbacks. I refer particularly to the President's proposal to terminate the Emergency Employment Act, to close our 19 Community Action Agencies, to sharply reduce funds for manpower training, and to forbid the funding of a summer Neighborhood Youth Corps program.

Wisconsin and its local governmental sponsors have provided employment for 4,095 unemployed persons under the Emergency Employment Act since it began in September, 1971. We currently have about 2,150 persons employed. A total of 629 have moved through the program to permanent, unsubsidized employment.

A great number of these people, successfully employed under this act, have been Vietnam veterans, members of minority groups and persons previously relying on welfare assistance. I count this as a tremendous achievement. Because of the severe pressure on property taxes and other local revenues, it would not have been possible to achieve these goals through normal hiring if it had not been for EEA.

The program, of course, has suffered from being under a freeze since July 1. Both the State of Wisconsin and, I am confident, the 17 local units of government who sponsor separate EEA programs strongly support the extension of this act.

The President's order to dismantle the Office of Economic Opportunity is most unfortunate and is contrary to proposals the President advanced earlier, under which funds would continue to be made available under the form of special revenue sharing. Our 19 Community Action Agencies are largely multi-county rural organizations which provide services in health, education, manpower training and nutrition which simply are not available in any other agency serving these areas. We strongly support funding to make it possible for these agencies to continue, either in their present form or at the option of Governors and elected officials of larger communities.

Perhaps most urgent of all is the need for Congressional action to make possible a summer Neighborhood Youth Corps program. Wisconsin provided a total of 14,000 special summer jobs for youth last year. At present, there are no funds in the President's budget for the purpose and our State Manpower Council has been notified that we are specifically forbidden to spend any of our substantially reduced Federal manpower training funds for this purpose. The suggestion that a summer NYC program be funded out of Emergency Employment Act funds is completely unworkable. We strongly urge the congress to provide a special appropriation for a summer Neighborhood Youth Corps program.

Thank you for your interest in these matters.

Sincerely,

PATRICK J. LUCEY, Governor.

SUMMARY—SUMMER JOB FUNDS AND SLOTS FOR 1972

	Funds	Slots
Summer Neighborhood Youth Corps program:		
Entire State.....	\$5,053,028	11,974
State outside Milwaukee County.....	3,627,090	8,595
Great Lakes Intertribal Council	267,548	634
Northwestern District.....		551
North Central District.....		1,415
Lake Michigan District.....		968
West Central District.....		1,133
Western District.....		1,460
Lake Winnebago District.....		612
Southern District.....		1,227
Southeastern District (Milwaukee County).....	1,425,938	3,379
Southeastern District B (Walworth, Racine, Kenosha Counties).....		595
Special title 4a Social Security Act program: Milwaukee County.....	1,150,000	2,093
Total.....	6,203,028	14,067

WISCONSIN EEA STATUS REPORT, SEC. V AND VI (PERIOD ENDING JAN. 31, 1973)

Program agent	Authorized position level	Cumulative participants	Current participants	Cumulative terminations	Employment terminations
State government.....	213	573	256	317	81
Balance of State.....	445	758	454	304	98
GLITC.....	42	66	34	32	8
Green Bay.....	73	147	92	55	33
Kenosha.....	15	17	13	4	2
Madison.....	88	96	58	38	5
Milwaukee.....	822	983	548	435	123
Racine.....	79	102	53	49	26
Dane County.....	19	21	15	6	4
Fond du Lac County.....	51	70	32	38	17
La Crosse County.....	70	90	58	32	10
Manitowoc County.....	24	38	20	18	7
Marathon County.....	73	102	52	50	19
Milwaukee County.....	56	56	43	13	6
Outagamie County.....	108	138	76	62	10
Racine County.....	93	139	67	72	14
Rock County.....	146	199	87	112	39
Waukesha County.....	247	363	145	218	98
Winnebago County.....	73	100	32	68	20
Sheboygan County.....	28	37	18	19	9
Total.....	2,765	4,095	2,153	1,942	629

RESOLUTION

Whereas, for the past seven years, the 19 Community Action Agencies in the State of Wisconsin have provided programs benefiting over 275,000 individuals including the poor, the sick, the youth, and the elderly; and

Whereas, the services that Wisconsin Community Action Agencies provide for the economically deprived, including housing, legal aid, employment development, health and nutrition, and specialized assistance to senior citizens and children, depend on continuing federal support; and

Whereas, Community Action Agencies have provided a vehicle for anti-poverty efforts through coordination of governmental officials and citizenry at the grass-roots level;

Therefore, we the undersigned as elected officials representing constituencies in the Wisconsin Assembly hereby petition the Special House Subcommittee on Poverty and Equal Opportunities to take action to insure continued federal funding of Community Action Programs as established under the Economic Opportunity Act.

Rep. Gordon Bradley, 57th Assembly District	Rep. Joanne M. Duren, 50th Assembly District
Rep. Michael G. Ellis, 55th Assembly District	Rep. James W. Wahner, 15th Assembly District
Rep. Robert Quackenbush, 92nd Assembly District	Rep. Gary J. Barczak, 24th Assembly District
Rep. Harland Everson, 38th Assembly District	Rep. Ray Tobiasz, 7th Assembly District
Rep. John R. Plewa, 20th Assembly District	Rep. Paul E. Sicula, 31st Assembly District
Rep. Thomas A. Hauke, 23rd Assembly District	Rep. Joseph L. Looby, 68th Assembly District
Rep. Robert E. Behnke, 14th Assembly District	Rep. Everett E. Bolle, 3rd Assembly District
Rep. Francis J. Lallensack, 2nd Assembly District	Rep. Virgil Roberts, 94th Assembly District
Rep. Walter L. Ward, Jr., 17th Assembly District	Rep. Gene Oberle, 91st Assembly District
Rep. Marlin D. Schneider, 93rd Assembly District	Rep. David D. O'Malley, 46th Assembly District
Rep. Harout O. Sanasarian, 26th Assembly District	Rep. Mike Early, 30th Assembly District
Rep. Terry A. Willkom, 67th Assembly District	Rep. Mary Lou Munts, 76th Assembly District
Rep. Sheehan Donoghue, 35th Assembly District	Rep. David R. Kedrowski, 74th Assembly District
Rep. Richard A. Flintrop, 56th Assembly District	Rep. Leo Mohn, 29th Assembly District
Rep. Bill Rogers, 5th Assembly District	Rep. John C. Oestreich, 70th Assembly District
Rep. Gary K. Johnson, 15th Assembly District	Rep. Ken Schricker, 75th Assembly District
Rep. R. Michael Ferrall, 62nd Assembly District	Rep. Anthony E. Earl, 85th Assembly District
Rep. Lary J. Swoboda, 1st Assembly District	Rep. Al Baldus, 69th Assembly District
Rep. Gus C. Monos, 11th Assembly District	Rep. Harvey L. Dueholm, 28th Assembly District
Rep. David G. Berger, 13th Assembly District	Rep. Dennis J. Conta, 25th Assembly District
Rep. Ed Jackamonis, 98th Assembly District	Rep. Louise M. Tesmer, 19th Assembly District
Rep. Michael Elconin, 16th Assembly District	Rep. Norman C. Anderson, 37th Assembly District
Rep. Janet A. Mielke, 47th Assembly District	Rep. Thomas B. Murray, 73rd Assembly District
Rep. Midge Miller, 77th Assembly District	Rep. Edward Nager, 78th Assembly District
Rep. Peter J. Tropman, 32nd Assembly District	Rep. Cletus Vanderperren, 80th Assembly District
Rep. Lew Mittness, 48th Assembly District	Rep. Laurence Day, 86th Assembly District
Rep. Carl Otte, 58th Assembly District	Rep. James A. Rutkowski, 82nd Assembly District
Rep. Lloyd A. Barbee, 18th Assembly District	

Mr. HAWKINS. Mr. Bussey, if you will permit us, we have an out-of-town witness who has a flight. He is liable to miss his plane or we will miss his testimony. I will call on you next.

Hon. Richard A. Flintrop, State representative of Wisconsin.

We are sorry, Mr. Flintrop, that we were not able to call on you earlier but I thought our time was running along. I understand you do have a plane to catch. We appreciate your testimony.

Will you proceed. Your statement in its entirety will be printed in the record at this point.

STATEMENT OF HON. RICHARD A. FLINTROP, STATE REPRESENTATIVE OF THE STATE OF WISCONSIN

Mr. FLINTROP. Thank you, Mr. Chairman. Thank you for allowing me to testify.

I am Richard A. Flintrop, a State representative from the city of Oshkosh, Wis.

I am not a preacher, either, so my comments will be equally brief, I guarantee you.

I appreciate this opportunity to express my concern about the future course of federally funded programs in Wisconsin as a result of President Nixon's attack on antipoverty programs presently sponsored by OEO.

Before I present my testimony to you I would like to mention the documents that I have enclosed here for the record. I guess there are a couple of comments I would like to make first. I was curious to know from Mayor Cohen if he saw Mr. Nixon twitch before or after the election. I am inclined to think it might have been previous to the November election.

I also want to comment on the fact that the rest of the delegation from Wisconsin will be here tomorrow to speak on more of the details of the program in which they have been so deeply involved there.

I would like to preface my statement by saying I am quite cynical about being here today. Everyone said, you know, you guys are great, you are here, you are listening to us, but we are not changing your minds very much. I think you share our concerns. You know it is Richard Milhous Nixon who should be sitting here and he is not, and we are not going to get him here. [Applause.] So as I proceed with my comments I want my cynicism and my pessimism to be known.

First I would like to just draw your attention to a statement that was given to me by Patrick J. Lucey, the Governor of the State of Wisconsin. If you won't tell the Governor I didn't read his statement, neither will I, and we will proceed.

Mr. HAWKINS. The statement will be entered in the record in its entirety and also the resolution passed by the Wisconsin Legislature which is signed by the various representatives will be printed in its entirety and it will be in the record just the same as if it was read entirely at this hearing.

Mr. FLINTROP. I do want to point out the Governor's concern. He mentions the concern about the Emergency Employment Act. He comments both concerning the Office of Economic Opportunity and particularly the Neighborhood Youth Corps. If in fact it is not possible for us to reinstate the OEO program in its entirety, I would certainly hope that you will consider his recommendation fighting for at least certain portions of those. In Wisconsin we feel that the Neighborhood Youth program is one of the very best programs.

The second document, the resolution, it was not a resolution passed by the House officially. Unfortunately, I did not get it drafted until last Wednesday and I just circulated it informally on Thursday. Now there has been a lot of talk about we have not had the type of local support maybe that some people would like to see in some States like Ohio. I would like to draw to your attention that 56 members of the 99 members of the State legislature of this State, the State assembly, signed this document.

Mr. HAWKINS. Fifty-six out of what number?

Mr. FLINTROP. Ninety-nine, sir, in the assembly.

Mr. HAWKINS. Thank you.

Mr. FLINTROP. I did not have an opportunity to get to the State senate nor did I have an opportunity to present this document to each of the 99 members. I am quite sure that if in fact I could have surveyed the whole of the assembly, that figure would be far closer to 80 or 85 members, Republicans and Democrats alike.

President Nixon's decision to dismantle the Office of Economic Opportunity is a callous, tragic and deceptive act. There can be no question that some OEO funds have been misused in a small number of agencies around the country. But when cost overruns amounting to billions of dollars are discovered in the Pentagon, we do not see the President impounding the military budget. When the Department of Agriculture arranges a grain sale to a foreign nation that puts millions of dollars into the hands of a few informed investors and costs the American consumer even more millions in spiraling food costs, the President remains silent.

While the Nation's welfare program is costing billions of dollars for administration alone, and the billions more spent for so-called "relief" does nothing but dehumanize and demoralize the people it is meant to serve, the President terminates any plans for meaningful welfare reform.

Since 1964, Community Action agencies have proven themselves to be the most significant tool we have yet devised in our attempt to break the cycle of poverty and provide our less advantaged citizens an opportunity to help themselves.

A recent Federal report has indicated that Community Action agencies have increasingly mobilized resources for the poor and are helping the poor achieve the self-reliance that the President is emphasizing these days.

In 1969, President Nixon described OEO as a "cutting edge" in the fight against poverty and expected it to "play a central role" in achieving "the goal of full opportunity for every American." He continued by predicting that the OEO would "be one of the most creative and productive offices in the Government."

Today, after the election, the "old Nixon" is showing through despite the efforts of the White House paste makeup artists. [Applause.]

While the President says that Community Action agencies need only to compete for Federal revenue sharing funds, he well knows that almost all municipalities have already made commitments for use of general revenue sharing funds or have plans to use it for tax relief programs or new programs of their own design.

There is no question that perhaps only 75 of the Nation's 907 CAP's will still be in existence on July 1, 1973, the earliest possible date that special revenue sharing funds could be made available.

While the President publicly states that he wishes only to shift the financial responsibility for OEO, it is clearly evident that his sole intent is to systematically destroy the program.

It would require about four-tenths of 1 percent of the projected general Government support for national defense that is in Mr. Nixon's budget to maintain the Office of Economic Opportunity for fiscal year 1974.

It becomes clear that the dismantling of the OEO is not an economic measure but a blatantly political move by the administration on a program which is not included in Mr. Nixon's lexicon of acceptability. OEO's demise will save the Government and taxpayers little, if anything, but as is common of late, will cost the poor and elderly a great deal.

The Wisconsin experience with Community Action agencies is certainly reflected in the fact that Governor Lucey and 56 State representatives from every corner of the State join me in petitioning continued Federal funding of the Office of Economic Opportunity.

Let me share with you some facts that dramatically demonstrate the impact Community Action agencies have had on Wisconsin and what would result if the Federal funding terminated.

In 1972 alone, 275,448 low-income individuals were served in Wisconsin by the 19 Community Action agencies. These agencies employed 2,567 persons, of which 60 percent were low income and let me remind you that almost every one of those 60 percent low-income people will be returning to the welfare rolls as soon as these programs are terminated. We also provided job training for 9,988 individuals.

Over \$20,500,000 in Federal funds were attracted to Wisconsin in 1972 to aid in the elimination of the causes of poverty through programs sponsored by Community Action agencies.

Over \$7 million in local contributions were generated by Wisconsin CAP's in 1972 to further combat the massive problems of poverty.

During 1972, Community Action agencies in Wisconsin provided job training for 9,988 individuals in the various manpower components which they administered.

Thousands more Wisconsin children were served by CAP-sponsored day care centers and Head Start programs. Thousands of additional senior citizens were given assistance in obtaining homestead tax relief, decent housing and well balanced meals.

The list of benefits that OEO has brought to Wisconsin could go on and on. Federal funding is absolutely necessary if these programs are to survive. Governor Lucey has already submitted his budget to the State legislature. There appears to me to be no possibility that sufficient funds can be made available from the State of Wisconsin to keep these programs alive.

Mr. Chairman and committee members, I want only to stress that those of us in public office in Wisconsin, and I think you can see it is those of us in public service in Wisconsin, see the Community Action concept as a dynamic and positive helping hand to the disadvantaged of our Nation.

We hope, sirs, that you will take our message back to Washington—Disneyland on the Potomac—and do everything in your power to bring a sense of compassion to the President's budgetary policies.

Thanks very much. I think the people of the Midwest appreciate your concern in coming to us instead of forcing us to come to you at least all the way. [Applause.]

Mr. HAWKINS. Thank you, Mr. Flintrop. In view of the time element we are going to forgo questions. I think what you have done is an excellent thing, it is the type of thing which I think should be done elsewhere at the local level and would be a tremendous help to this committee.

Thank you very much.

Mr. FLINTROP. Thank you.

Mr. HAWKINS. Mr. Alston, we want to express our appreciation for your comments. We didn't have time to commend you as we wanted to, but certainly your message was very timely and we regret that you did not have an opportunity to express yourself in Washington, but some of us don't get that opportunity, either, sometimes.

Mr. Bussey, we will now continue with your testimony. Your statement in its entirety will be entered in the record. I see you have presented a statement to us. We appreciate it and if you will summarize from it.

STATEMENT OF MAYNARD BUSSEY, CHAIRMAN, CITIZEN ADVISORY BOARD, TARGET AREA II, VICE CHAIRMAN, MCHRD POLICY ADVISORY COMMITTEE

Mr. BUSSEY. Thank you, honorable chairman and other supporting committee members.

I have no other alternative than to say I have been ripped off. All of the things that possibly can be said to this honorable body practically have been said. The mayors were here. We had some other dignitaries here, some honorable Representatives here, so we have support coming from that area. We have another community representative here. As usual we get all the statistics at a meeting of this kind, and I am glad that it is entered into the record.

There are only two things left for me to talk on here today that most of the people that testified here today did not touch on and that is birth control and afterbirth so I will deal with those two sole issues that were left for me to talk on.

Mr. HAWKINS. I don't think that is within the jurisdiction of this committee but we will try to squeeze it in.

Mr. BUSSEY. Thank you, sir.

These cuts would also mean that those motivated by the poverty OEO programs would be back on welfare A, B, C and that those who were motivated to hold their head high would again fall into chasms of gloom and despair perhaps never to trust again. Our sons newly returned from Vietnam, motivated to eradicate that which is foreign to humanity, I shudder to imagine what course they might take.

We can all see and hear of funding of trips to the Moon; and of funds granted to rebuild foreign countries that we were taxed to destroy; of funds allocated for war games; of support for the poor and needy abroad, but not a dime of our taxes to continue aid to the poor of the United States of America!

We have been taxed long and hard, and it is felt by the poor that the balancing of the Federal budget should not be at the expense of their health programs. This concept has been well expressed by Dr. Arthur Kronberg, a renowned Stanford University biochemist and laureate in medicine, who recently said:

"Were there an intentioned effort to undermine the health and economic welfare of this country for the coming generations, I could imagine nothing more devastating than to stop training young people to do research in basic medical science. The science training programs cost about \$300 million annually * * *. For weapons research and development alone \$20 billion a year is being spent. This is to protect us against the possibility of attack by a hostile country.

But now we have been told that we can't afford to spend even 1 percent of this amount to train young people to fight diseases for which crusades have been proclaimed and that we know for certain will kill millions of our citizens each year.

I would submit that the rationale of the above statement can equally be applied to all the program cuts as well as to the cut in the medical research and training programs.

Honorable Congressmen, Representatives, when I first spoke of birth control and afterbirth, the cut in the programs as I see it is the birth control program that is being initiated by our President. I have often wondered—and I think that I am older than some of the Congressmen that appear here today—what they meant by Tricky Dick. I have found out 20 years later.

I have heard mayors from various cities speak here today that they had a conference with the President and that they were ripped off. What I mean by ripped off is that they were sold a bill of goods and they thought that they had some money that they could use for all their very own. I have heard statements made here today that even though they get some of this revenue-sharing money that they will not be able to spend it for the type of programs that need immediate attention.

I did not hear but one person make a statement pertaining to that, that we had a war on poverty and now we are having a war with Mr. Nixon as far as the budget cuts are concerned, but that war is just beginning for the poor out in the community. We are going to have to have another war with the State, another war with the Governors, another war with the mayors in order to be able to share in this revenue sharing or to put some inputs in how revenue sharing will be dispensed.

Honorable Members of the Congress and this committee, I respectfully ask this honorable committee to see to it that such a disaster not be visited upon this community and upon this beloved Nation.

Thank you.

[Applause.]

[The written statement follows:]

STATEMENT OF MAYNARD M. BUSSEY, CHAIRMAN, CITIZEN ADVISORY BOARD,
TARGET AREA II

PREAMBLE

I should like to consider what we know about the education of the very young, about what may be formative influences during infancy and early childhood upon later intellectual competence and how these influences may be more compassionately deployed. Our focus will be upon the manner in which social and cultural background affects upbringing and thereby affects intellectual functioning. And within that wide compass, we shall limit ourselves further by concentrating principally upon the impact of poverty and dispossession.

There is little enough systematic knowledge about what in fact happens to children during infancy and early childhood and even less on what its latter effects on competence may be. Indeed, in the current debates, it is a moot point as to what is properly meant by intellectual competence, whether or in what degree competence comprises soul, mind, heart, or the general community. Nor can the topic be limited to education. For the charge has been made by Royal Commissions and advisers to presidents as well as by the anti-Establishment New Left that educational and socializing practice, before the school years as after, reflects and reinforces the inequities of a class system by limiting access to knowledge for the poor, while facilitating it for those better off. The charge is even more serious: that our practice of education, both in and out of school, assures uneven distribu-

tion not only of knowledge but also of competence to profit from knowledge. It does so by limiting and starving the capabilities of the children of the poor by leading them into failure until finally they are convinced that it is not worth their while to think about school-like things.

JEROME S. BRUNER, *Harvard University.*

Honorable committee: I am Maynard M. Bussey, chairman of the citizens advisory board, target area II and vice-chairman policy advisory committee of the Mayor's Committee for Human Resources Development (MCHRD), the Detroit poverty program.

I am here today to testify before this honorable committee because of my interest and involvement in programs to assist the poor and underprivileged and my concern about the proposed cutbacks of the Federal assistance.

Mere words can not describe the impact of the President's proposed budget cuts. The impact of these cuts is so devastating, in my opinion, that they would cause a national holocaust.

I shudder to attempt to sum up the total impact that such cuts would have on our total community; on the poor, the near-poor and middle class citizens. The effect of these cuts cannot be confined solely to the poor blacks and whites. These proposed cuts would have a chaotic effect on the entire country and are not confined to the city of Detroit, or Wayne County alone. I refer to cuts in such programs as: comprehensive health; birth control; ecology; dental care; drug abuse and control; career development; day care; Head Start; upward bound; youth programs; mental health; disease prevention and control; malnutrition; aid to dependent children; legal services; Model Cities; housing programs; job training and development; medical research, etc. These are but a few of the programs that touch citizens in all walks of life.

These cuts would cause our city, county and State economies to become shaky, our city budget to be unsound; the streets to become more unsafe; police programs to be discontinued; housing conservation and redevelopment programs to cease functioning; mental health programs to cease; youth summer programs to be discontinued, leaving youth idle in the streets during the hot summer months; sewer and water programs would be curtailed, as would our rat control programs.

Finally, if conditions are allowed to persist, the negative effects of the cuts would be felt not only on inner-city people and businesses, but the effects of such cuts would also be felt in the suburbs, i.e., Dearborn, Warren, Grosse Pointe, Southfield, Huntington Woods, Birmingham, and Troy, as well as in the major auto plants and in numerous small businesses.

These cuts would also mean that those motivated by the poverty (O.E.O.) program would be back on welfare and A.D.C., and that those who were motivated to hold their heads high would again fall into the chasm of gloom and despair, perhaps never to trust again. Our sons, newly returned from Vietnam, motivated to eradicate that which is foreign to humanity, I shudder to imagine what course they might choose to take.

We can all see and hear of funding of trips to the Moon; and of funds granted to rebuild foreign countries that we were taxed to destroy; of funds allocated for war games; of support for the poor and needy abroad, but not a dime of our taxes to continue aid to the poor of the United States of America!

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"Were there an intentioned effort to undermine the health and economic welfare of this country for the coming generations, I could imagine nothing more devastating than to stop training young people to do research in basic medical science. The science training programs cost about \$300 million annually For weapons research and development alone \$20 billion a year is being spent. This is to protect us against the possibility of attack by a hostile country.

"But now we have been told that we can't afford to spend even 1 percent of this amount to train young people to fight diseases for which crusades have been proclaimed and that we know for certain will kill millions of our citizens each year."

I would submit that the rationale of the above statement can equally be applied to all the program cuts, as well as to the cut in the medical research and training program.

I respectfully ask this honorable committee to see to it that such a disaster not be visited upon this community and upon this beloved Nation.

Mr. HAWKINS. Thank you, Mr. Bussey.

I think Mr. Conyers desires to ask you a question.

Mr. CONYERS. I really would not want to add questions at this point but I thank all of those persons with whom we did not have the chance to question, Mr. Chairman, for their cogent presentations. I know if Congressman Diggs were here he would join me in the expression of appreciation for the kind words that Chris Alston, our dear and mutual friend, has made about us and also to commend him for the very wide sweep of his statement which I think goes beyond the specific testimony that brings us here today but is really part of a big picture. He reminds us that the genesis of laws are not handed down by some body of men in the room but they should more properly in a democracy be the workings of the will of the people. I was particularly grateful for those comments that he made in his very persuasive statement.

Of course I welcome the observations of Mr. Maynard Bussey, another gentleman whom I did not realize was older than some of the Members of the Congress here on the committee until just now when he mentioned it in his testimony. He has been an activist and a leader civically and politically in our community across the years. We indeed are grateful not only for what you have said here but for the support that must be marshaled for us to proceed on to any kind of success.

Thank you very much.

Mr. HAWKINS. Thank you, Mr. Bussey.

Mr. BUSSEY. Thank you. [Applause.]

Mr. HAWKINS. The next witness is Mrs. Beatrice Rowe.

STATEMENT OF BEATRICE ROWE, SECRETARY, JEWISH COMMUNITY COUNCIL OF METROPOLITAN DETROIT

Mrs. ROWE. Good afternoon.

Mr. HAWKINS. Mrs. Rowe, I think you are representing several individuals or groups.

Mrs. ROWE. Yes, Congressman Hawkins, I am.

Mr. HAWKINS. Would you identify them?

Mrs. ROWE. The Jewish Community Council is made up of many groups. Specifically the American Jewish Congress and the National Council of Jewish Women were going to give testimony here today and they asked that I incorporate it into mine.

I sit as the secretary of the Jewish Community Council of Metropolitan Detroit but I want you to know that it is a volunteer job and I am a volunteer representing hundreds just like myself. The Jewish Community Council is a coordination and action group made up of some 300 organizations and synagog bodies in this area and it is people ready to use their collective experience and resources to handle issues that concern us all, no matter where we live. Some of us are in Wayne County, others in Oakland, Macomb.

These are the concerns that bring me here today. As the roster of community development, educational, health, and manpower training programs terminated by the administration continue to grow, we feel increasing anxiety about the effect of their termination on the economic and social health of the entire community. We are desperately con-

cerned about the dismantlement of the OEO and the vacuum created without the beginnings of alternative programs.

OEO is the only advocate for a group of Americans characterized by their powerlessness. The centralization of services to the poor is a sound idea. To separate these services by spreading them out to other agencies or other cabinet levels as has been suggested by this administration is to render them unworkable and ineffective.

The Jewish Community Council has been involved with MCHRD, the Mayors Commission on Human Resources Development, through the provision of volunteers and financial support. Not only are these programs responding to the community by improving the quality of life but in many cases such as the food prescription program they are indeed literally sustaining life.

This is one of the longest volunteer programs in the country. The interesting thing about this program is that the high protein food comes from the United States. The volunteers would still be available but the program would sever thousands of the small costs of the administration salaries.

The general equivalency degree program is another one we have been very close to; it has provided thousands with the training, education and, more important, the confidence necessary to secure permanent employment.

One of MCHRD's major resources is its volunteers. Their efficient and full utilization is based upon the coordination of staff and the guidelines and activities of the program. The maintenance of volunteers is dependent on their sense of achievement from their investment of time and effort in worthwhile, well-coordinated programs. We have these kinds of programs in Detroit and we cannot afford to lose them. We have to keep in mind if we lose the programs we will also lose the volunteers.

If the philosophy of the new federalism is helping people to help themselves and a reliance on voluntarism, then the removal of these instruments of self-help and the mechanisms for voluntarism would be counterproductive to the achievement of these goals. We urge that you prevent the termination of these vital programs without the provision of alternatives for self-help.

Just one other word. We talk about intergroup relations. Volunteers working in programs like these cannot help but learn a little bit more about each other, how to get along and of giving and taking. In a metropolitan area that has become more polarized than ever before in its history there are many things that OEO has done for all of us that cannot be put into dollars.

Thank you, gentlemen. [Applause.]

[The written statement follows:]

STATEMENT OF MRS. RUTH S. ROSENBAUM, REGIONAL OFFICE—AMERICAN JEWISH CONGRESS

The Michigan Council and the Detroit Women's Division of the American Jewish Congress wish to go on record as concurring with the statement of the Jewish Community Council of Metropolitan Detroit offered to your Sub Committee.

We believe that current efforts to cut back on vitally needed funds for low rent housing, education and for welfare and other services are mistaken. The rhetoric of individual responsibility which is being substituted for government aid has little application to children, the disabled, the sick, the untrained, and

the aged poor. These groups no matter how motivated they are, require outside assistance.

While our agency is concerned with the plight of all the poor, we take special note of the needs of the Jewish poor. The procedure used by government to ascertain need in many poverty programs, i.e., residence in geographically defined poverty areas, has worked to the detriment of the Jewish poor. They have been denied the benefits available to others simply because they lived outside certain geographic areas as defined under the program. We urge the revision of regulations and provisions which limit certain government benefits to those individuals. We supported the Scheuer-Javits amendment of the OEO extension which would have done away with this inequity. We recognize also the great need for programs to assist the elderly.

We believe help for the disadvantaged must come from increased government aid and for this reason we support action that will improve Social Security benefits, provide more adequate health and hospital care, increase minimum wages, aid the aged and build more low-cost housing. We deplore the elimination or cutting back of such programs.

CITY-COUNTY BUILDING,
Detroit, Mich., March 19, 1973.

TESTIMONY FOR CONGRESSIONAL HEARING SUBCOMMITTEE ON EQUAL
OPPORTUNITIES

Congressman Hawkins and gentlemen of the Subcommittee, I am Beatrice Rowe, Secretary of the Jewish Community Council of Metropolitan Detroit. The Jewish Community Council is a coordinating and action group representing some 300 organizational and synagogue bodies in this area. It represents also our means of using our collective experience and resources as a Jewish community to handle issues that concern each of us. These are concerns which cross organizational lines and are therefore handled more effectively by a total community.

Some of these concerns bring me here today. As the roster of community development, educational, health, and manpower training programs terminated by the administration grow, we feel increasing anxiety about the effect of their termination on the economic and social health of the entire community.

We are concerned about the dismantlement of OEO and the vacuum created without the beginnings of alternative programs. The Jewish Community regrets the abandonment of the Scheuer-Javits amendment of the OEO extension which would have authorized funds to reach the "isolated" poor. Many of the Jewish poor are aged and live outside of "target areas," they would have been assisted despite their isolated living condition.

Looking beyond our special interest, the Jewish Community Council has been involved with the Mayors Commission on Human Resource Development through the provision of volunteers and financial support. Not only are these programs responding to the community by improving the quality of life, but in many cases such as the food prescription program, they are indeed, literally sustaining life. The General Equivalency Degree program has provided thousands with the training, education, and more important, the confidence necessary to secure permanent employment.

One of MCHRD's major resources is its volunteers. Their efficient and full utilization is based upon the coordination of staff and the guidelines and activities of program. The maintenance of volunteers is dependent on their sense of achievement from their investment of time and effort in worthwhile, well-coordinated programs.

If the philosophy of the "New Federalism" is helping people to help themselves and a reliance on voluntarism, then the removal of these instruments of self-help and the mechanisms for voluntarism would be counter-productive to the achievement of these goals. We urge that you prevent the termination of these vital programs without the provision of alternatives for self-help.

Mr. HAWKINS. Thank you, Mrs. Rowe. I think you brought out a very excellent idea. Certainly one of the finest things about these programs has been the number of volunteers who have been attracted; very dedicated people. I don't know of any other program that has attracted as many volunteers, so certainly you and the groups that you represent are to be commended for what you are doing and we certainly

hope that you will continue to have that opportunity beyond July 1.

Mrs. ROWE. Thank you.

Mr. HAWKINS. Thank you very much. [Applause.]

Mr. HAWKINS. Mr. Richard Jones, emergency food and medical services, United Migrants.

Mr. Carlos Sundermann, executive director, United Migrants for Opportunity.

Mr. Raul Borrara, director, Associated Migrant Opportunity Service, Ind.

Are they in the room?

Are you Mr. Jones?

Mr. SUNDERMANN. I am Mr. Sundermann. I would like to present an overview of the UMOI scholarship program.

Mr. HAWKINS. Are you speaking for the other two?

Mr. SUNDERMANN. Yes; I will be presenting a brief overview of the UMOI program and then I will in turn talk about OEO.

Mr. HAWKINS. We have your statement and it will be placed in the record in its entirety.

STATEMENT OF CARLOS SUNDERMANN, EXECUTIVE DIRECTOR, UNITED MIGRANTS FOR OPPORTUNITY IN MICHIGAN

Mr. SUNDERMANN. My name is Carlos Sundermann. I am the executive director of United Migrants For Opportunity located at 111 South Lansing Street, Mount Pleasant, Mich.

I have brought with me two students that will briefly address you about their situation in one of our more successful programs.

As you know, the migrant programs under title III(b) of OEO were scheduled to be transferred to the Department of Labor. Two months ago we became aware that OEO was going to close down and we were quite concerned about this. I would like to briefly just outline some of our major accomplishments.

UMOI initiated the first migrant scholarship program in the United States. This program has resulted in the enrollment of 83 migrant students in 7 Michigan colleges and universities. These students had neither financial resources nor the opportunity to attend college in their home State. Through the use of OEO funds and various funds which were made available through participating institutions we were able to secure full assistance packages rather than just tuition and books.

It should be noted that the success of this scholarship program can best be illustrated by the fact that only seven students have dropped out of the program in 3 years. We have been informed that this is a much higher success ratio than is found among any entering freshman class of any Michigan college especially when one considers the tremendous competition, sacrifice, and adjustments that these students have had to face.

UMOI initiated the first cooperative MDTA training program for migrant farmworkers in the Midwest. This cooperative effort has resulted in over 200 migrants receiving basic education and vocational training within the past 3 years.

UMOI initiated the first legal aid effort in the United States designed to meet the special needs and circumstances of migrant farm-

workers. This program which originally utilized only law students has been expanded in Michigan to include three full-time attorneys. This program was a catalyst for the formulation of 10 migrant legal aid projects in the United States.

UMOI has initiated cooperative program efforts with the Michigan Department of Social Services which has expanded the accessibility of the food stamp program for migrants. We accomplished this through our persistence in getting the State and local social services program to recognize the absolute necessity to revise the traditional food stamp funding and certification procedures in light of the unique lifestyle of the migratory farmworker. In the past many farmworkers were denied access to food stamps because of various reasons.

Despite the above accomplishments of our agencies, last Friday we learned that we would not be refunded. UMOI had been assured time and time again that we had one of the best programs in the country that were advising migrants. This notification of our disapproval was off the record and it was typical of the administration of OEO since Acting Director Howard Phillips assumed the responsibility for that agency.

Our program analyst, without the approval of OEO, confirmed the fact that UMOI, in her assessment, is one of the best programs in the country and that no rationale had been provided or would be provided for the disapproval. As I stated previously, this approach is typical of the administration's refusal to come up front and directly deal with programs just as it has done with the Congress. It has effectively nullified our ability to pursue the appeal process, specifically guaranteed by Congress, and has, because of these uncertainties, blocked effective review by the judiciary.

UMOI will be forced to close down in 4 weeks if additional funds are not received. The results of this action will be:

1. The elimination of legal services for migrant farmworkers in the State of Michigan.

2. Approximately 250 families will be denied assistance in resettling in Michigan.

3. A total of 1,000 migrants who work in areas of Michigan where health clinics do not exist will be denied medical services.

4. Bilingual personnel who normally would work for the department of social services will not be funded, thereby returning migrants to the same position with regard to Federal food assistance programs as they were in 1968. Families in eight States who have received funds for the direct purchase of food and for the purchase of food stamps will be denied any assistance.

5. Six hundred migrants will be denied UMOI-funded dental services.

6. The 120 openings in the MDTA basic education and vocational training programs will be jeopardized because the agency will be unable to provide Outreach, recruitment referral and other necessary supportive services.

7. Five thousand migrants unable to find housing and employment due to severe underemployment this summer will be without emergency housing and employment referral services.

8. Seventy new migrant students will be denied enrollment in Michigan colleges. Furthermore, many of the 83 students currently attending colleges and universities will be forced to withdraw since

the participating colleges do not have adequate financial resources and the family incomes of the students preclude any financial contribution.

Before I introduce Mr. Joanis to talk about emergency food and medical services I would like to briefly introduce two of the students in our migrant scholarship program, and I have asked them here to explain to you their situation. I come here with somewhat mixed emotions because I am asking them to convince you of the urgency and the tragedy of their situation but I somehow feel that it should be you who should be testifying before these students and the other 80 who are not here to explain why the Congress of the United States is unable to act while a single person destroys a program which can provide them with the opportunity to break the cycle of poverty.

Mr. Noe Ochoa, one of our students, will speak first and then Mr. Wayne Longley. I have asked them to briefly address their situation.

Mr. HAWKINS. Mr. Sundermann, I have been discussing just briefly with counsel here the program. It seems to me you are really the victim of a technicality and it amounts to the same thing, however, as outright termination. We would like to continue to consult with you. I think there are some 24 cases that have been so notified of disapproval. We will see if we cannot force the Office of Economic Opportunity and Mr. Phillips into some specific rationale and get some answers.

It seems to me that it is just another way of terminating programs denying appeal and direct procedures. I just want to let you know we want to continue to consult with you on this particular matter because I think it is illustrative of what is happening with many other programs, but yours seems to be such a clear-cut case.

Just with a little remark you may go ahead and introduce the others. Mr. SUDERMANN. Mr. Ochoa.

STATEMENT OF NOE OCHOA, STUDENT

Mr. JOANIS. I am Richard Joanis and my home State happens to be Texas, the Lower Rio Grande Valley. My family has been migrants for a very long time. I have been a migrant all my life and my family still are migrating within the States. I first happened to know about this scholarship program in 1971 when one of my fellow students from the high school had showed me what to do in order to get an acceptance in this university.

I am now attending Central Michigan University. I would like to comment that the future of many of these students really seems to be very bad. A lot of the students are talking now about withdrawal and they don't know what to do for next year. A lot of them are going to be without summer jobs and they cannot as parents or anything ask except for assistance—well, I would say unless they would work themselves and they really don't have very much to do during the summer but go back to the fields where they came from.

I would like to comment also that I happen to be married and have a wife and a child and the future of that child might be in a higher jeopardy than mine because I would not want to see my children growing up as migrants. It has been a hard life and I would not like to see my children going through that.

I would like to thank you for listening to me. I would like to make this as brief as possible.

Thank you.

Mr. HAWKINS. I want to thank you.

Mr. SUNDERMANN. Mr. Wayne Longley.

STATEMENT OF WAYNE LONGLEY, STUDENT

Mr. LONGLEY. My name is Wayne Longley and I am presently enrolled at a university supported by OEO at this time.

I am a native of Orlando, Fla., and also a native of Harvard. I am not going to try to convince you of how poor I am because I am black and that gives you a general idea. As a very young boy I always said that I don't want to travel from State-to-State migrating like my parents in order to keep from starving but I was forced to do this because I was under my parents' roof.

On one of my trips from Florida to northern Michigan I heard about the migrant scholarship program. I applied and I was accepted. Before I entered school in the fall of 1971 the controller of the scholarship program told me that I was guaranteed of a 4-year education. Under these conditions an acceptable grade point which showed my interests in the future for myself took place.

As of April 20, I would have completed 2 of those 4 years as I was promised. Now I don't blame the scholarship program because I am sure they would not have guaranteed me something they could not themselves fulfill unless they had some guarantee. I have always wanted to go to college and get a degree. When I heard about this scholarship program that was the biggest break of my life and I intended to make the best of it.

Now that I am at the climax of my endeavor I must withdraw from school. Why? Because such a program as OEO is about to be demolished. What am I going to do? I don't know. I am married and I am also expecting a kid. What is he going to do or she? I don't know that, either. I would not want to see them come up in the migrant stream of life because it has been hard for me just as I am sure it has been for other migrants.

Congressman, how can you contentedly sit and let one man destroy the program that will inevitably break the poverty cycle?

Any questions?

Mr. HAWKINS. No; I think that the situation is dramatically brought to the attention of this committee. Certainly this committee does not intend to sit contentedly and allow the program to be destroyed. I think that your testimony is the type of testimony that will assist this committee. We cannot assure you of what can be done today. The purpose of these hearings is to get the best strategy that we can possibly get to mobilize as much strength as we can through Congress and eventually to convince the President, which is really the one person that has to be convinced.

The experience such as you have had and the young student before you, if this continues, I don't know. I cannot think of a human being that could be so senseless to human emotion as to resist the cases such as we have compiled here today in Detroit. We will certainly do everything that we possibly can do and certainly hope that we can succeed.

Mr. LONGLEY. Thank you very much.

Mr. HAWKINS. Thank you.

Mr. Sundermann, do you have any other testimony?

Mr. SUNDERMANN. The only testimony that I have at this point is that given the fact that our agency will be closing down this year, approximately 50,000 farmworkers will be migrating into the State this summer. I can only underscore what was said about the cities. Yes; it is going to be a hot summer. It is also going to be a very hungry summer and it is also going to be a very hot summer in the migrant fields. Farmworkers are going to be suffering, they are going to be without housing, without any emergency food and medical services.

The State of Michigan is not prepared, not committed enough to this point to absorb the loss of our agency. It is very important for me to ask that you do everything within your power to establish the balance of powers system because I think that that is the only way that we will succeed.

Mr. HAWKINS. What is the time element, may I ask, on these matters? Take these two students. When will they actually—

Mr. SUNDERMANN. At the end of this coming semester—this is before the summertime—their scholarship program will be through so that they will not be able to continue their education in September because our agency will not be able to continue its operation during the summer. The summer jobs which we had slated for them with the department of social services and other areas where they served as bilingual interpreters and certification workers will not be available, either.

Mr. HAWKINS. Something must be done before September.

Mr. SUNDERMANN. Something must be done before September. We are doing everything within our power to try and save the program.

Mr. HAWKINS. Were we talking about June or September? Really June, aren't we?

Mr. SUNDERMANN. We are really talking about June.

Mr. Joanis is our emergency food and medical services coordinator and he has a written testimony which you have before you and he will briefly touch upon the situation in the entire Midwest.

STATEMENT OF RICHARD A. JOANIS, DIRECTOR, EMERGENCY FOOD AND MEDICAL SERVICES, UNITED MIGRANTS FOR OPPORTUNITY, INC., MOUNT PLEASANT, MICH.

Mr. JOANIS. I will attempt to make my comments as brief as possible.

As you know, the emergency food and medical services section of the OEO Act provides "financial assistance for the provision of such medical supplies and services, nutritional foodstuffs and related services as may be necessary to counteract conditions of starvation or malnutrition among the poor."

UMOI is funded by OEO as a regional representative. At the request of OEO Migrant Division, UMOI submitted a proposal for the 1973 EFMS program on October 27, 1972. On January 13, 1973, UMOI received from OEO a signed form 314—grant authorization—indicating 6 months' funding for EFMS effective November 1, 1972. Attached to the grant authorization was written notification that the second half of the grant would be forthcoming if no altering circumstances occurred; and that any such occurrence would prompt written verification from OEO with an opportunity by the grantee—UMOI—to appeal. The halfway mark for this grant will come on May 1, 1973.

Since receiving this official authorization, UMOI has received no such funds, nor have we been notified officially that the funds would or would not be forthcoming.

Now the implications of these things is obvious because the farmworkers won't come in from the Midwest until late May and early June but it would not be an exaggeration to predict that thousands of farmworkers will be lined up in county welfare offices wanting food stamps because they could not feed their families and that these offices would not be able to serve them either from the additional staff that we partially pay for, the salaries, or to offset the costs of the food stamp purchase price that we also offset.

Since 1969 the number of migrant families receiving Federal food assistance benefits has grown from 15,000 to nearly 100,000.

Since 1969 four States in the Midwest have initiated specific divisions of their departments of welfare which are charged with availing services to migrant farmworkers.

Since 1969 the cost of assuring adequate nutrition for farmworkers in the Midwest has decreased from \$8 to \$3.50 per individual through the EFMS program.

As yet not mentioned, other services which have been made available through EFMS will also be terminated should funds not materialize. Among them are the provision of dietary supplements and prescriptions for farmworker family members and the provision of fortified infant formulas made available through migrant clinics.

We ask the assistance of the members of the subcommittee and any whom they might influence to enable continued progress in our fight to ameliorate the burden of hunger among our Nation's poorest of the working poor.

Thank you.

Mr. HAWKINS. Mr. Sundermann, does that complete your testimony?

Mr. SUNDERMANN. Yes.

[The written material follows:]

STATEMENT OF CARLOS SUNDERMANN, EXECUTIVE DIRECTOR, UNITED MIGRANTS FOR OPPORTUNITY, INC.

My name is Carlos Sundermann; I am the Executive Director of United Migrants For Opportunity located at 111 South Lansing Street, Mount Pleasant, Michigan.

Before I begin my formal testimony, I would like to introduce four people who have accompanied me here today and whom I will ask to speak briefly during our presentation.

Dick Joanis, who is the Coordinator of our Emergency Food & Medical Program; Noe Ochoa, Wayne Longley, and Jaime Vasquez. All are former migrants and participate in the U.M.O.I. Scholarship Program.

Our agency has been in existence since 1968 primarily through funds from the Migrant Division of OEO. The agency has provided services to migrant farm workers throughout the State of Michigan; additionally, we have assumed responsibilities for an eight-state emergency food and medical service program.

Approximately two months ago, we became aware that the Office of Economic Opportunity was to be dismantled; however, Migrant Division personnel indicated that migrant programs would be transferred to the Department of Labor and that during the interim period funding of Migrant Programs was to continue. We were assured that based upon our previous records in terms of fiscal accountability, achievement of program objectives, and development of innovative programs we could expect to continue our operation. Among the more significant accomplishments of our agency within the past four years we can highlight the following:

1. U.M.O.I. initiated the first migrant scholarship program in the United States. This program has resulted in the enrollment of 83 migrant students in seven Michigan colleges and universities. These students had neither financial resources nor the opportunity to attend college in their home state. Through the use of OEO funds and various funds which were made available through participating institutions we were able to secure full assistance packages rather than just tuition and books. The success of this scholarship program can best be illustrated by the fact that only seven students have dropped out of the program in three years. We have been informed that this is a much higher success ratio than is found among any entering freshman class of any Michigan college especially when one considers the tremendous competition, sacrifice and adjustments that these students have had to face. Furthermore, more than 120 migrant students have applied for college admission through our program for the Fall of 1973.

2. U.M.O.I. initiated the first cooperative MDTA training program for migrant farmworkers in the Mid-west. This cooperative effort has resulted in over 200 migrants receiving basic education and vocational training within the past three years. The success of this cooperative endeavor has resulted in funding of a special migrant manpower program by the Department of Labor. The current program services to 100 migrant heads of households, through basic education, high school equivalency, vocational training, and the option for individual students to participate in college level vocational training courses at Ferris State College, one of the foremost vocational schools in the Mid-west. In addition, students who have successfully completed the vocational training program at Ferris may transfer to the previously mentioned scholarship program. Migrant participants in this program have entered skill areas that provide them with viable alternatives to agricultural labor.

3. U.M.O.I. initiated the first legal aid effort in the United States designed to meet the special needs and circumstances of migrant farmworkers. This program which originally utilized only law students, has been expanded in Michigan to include three full-time attorneys. This program was a catalyst for the formation of ten migrant legal aid projects in the United States. Among the accomplishments of this program have been the establishment of right of access to agricultural labor camps, establishment of the rights of migrants as tenants, the expansion of Workmen's Compensation to include farmworkers, stricter enforcement of the agricultural labor camp licensing act, enforcement of fair labor standards act, enforcement of employment contract rights, and the establishment of a state-wide network of private attorneys who have become actively involved in poverty law on behalf of farmworkers.

4. U.M.O.I. has initiated cooperative program efforts with the Michigan Department of Social Services which has expanded the accessibility of the Food Stamp Program for migrants. This was accomplished through our persistence in getting the state and local social services program to recognize the absolute necessity to revise the traditional food stamp funding and certification procedures in light of the unique lifestyle of the migratory farmworker. Prior to U.M.O.I.'s involvement in the above, many migrant families were denied food stamps even though they were entitled to this service. Presently, Michigan migrants will generally receive their food stamps within three days of their initial application date. This has been accomplished through the employment of bi-lingual workers, many of whom are recent ex-migrants.

Last year this cooperative function was expanded through the establishment of a "Point of Entry Center" in Berrien Springs, Mich.

Despite the above accomplishments and the assurances from OEO that we would be refunded, U.M.O.I. learned last Friday that its grant request for the current funding year had been disapproved. The notification of the disapproval was off the record, typical of the administration of OEO since the Acting Director, Howard Phillips assumed responsibility for that agency.

Our program analyst, without the approval of OEO confirmed the fact that U.M.O.I., in her assessment, is one of the best programs in the country and that no rationale had been provided or would be provided for the disapproval. As I stated previously, this approach is typical of the administration's refusal to come up front and directly deal with programs just as it has done with the Congress. It has effectively nullified our ability to pursue the appeal process, specifically guaranteed by Congress and has, because of these uncertainties, blocked effective review by the Judiciary.

U.M.O.I. will be forced to close down in four weeks if additional funds are not received. The results of this action will be:

1. The elimination of legal services for migrant farmworkers in the State of Michigan.

2. Approximately 250 families will be denied assistance in resettling in Michigan.

3. 1,000 migrants who work in areas of Michigan where health clinics do not exist will be denied medical services.

4. Bi-lingual personnel who normally would work for the Department of Social Services will not be funded thereby returning migrants to the same position with regard to federal food assistance programs as they were in 1968. Families in eight states who have received funds for the direct purchase of food and for the purchase of food stamps will be denied any assistance.

5. 600 migrants will be denied U.M.O.I. funded dental services.

6. The 120 openings in the MDTA basic education, and vocational training programs will be jeopardized because the agency will be unable to provide outreach, recruitment referral, and other necessary supportive services.

7. 5,000 migrants unable to find housing and employment due to severe under-employment this summer will be without emergency housing and employment referral services.

8. 70 new migrant students will be denied enrollment in Michigan colleges. Furthermore, many of the 83 students currently attending colleges and universities will be forced to withdraw, since the participating colleges do not have adequate financial resources, and the family incomes of the students preclude any financial contribution.¹

At this point, I would like to introduce Mr. Richard Joanis who will testify before you on our Emergency Food and Medical Services Program after which I will conclude my testimony asking three of our migrant scholarship students to briefly address the Committee about their concerns.

(Mr. Joanis testimony)

With me today are three students currently attending college under the Migrant Scholarship Program. I have asked them to be here to explain their situation to you. It is with mixed emotions that I am asking them to convince you of the urgency and tragedy of their situation. I somehow feel it should be you who should be testifying before these three students and the other 80 students who are not here today to explain why the Congress of the United States is unable to act while a single person destroys the program which can provide them with the opportunity to break the cycle of poverty.

STATEMENT OF RICHARD A. JOANIS, DIRECTOR, EMERGENCY FOOD & MEDICAL SERVICES, UNITED MIGRANTS FOR OPPORTUNITY, INC.

BACKGROUND

Section 222(a)(5) of the Economic Opportunity Act provides the administration of the program entitled "Emergency Food and Medical Services" (EFMS). That section provides "financial assistance for the provision of such medical supplies and services, nutritional foodstuffs and related services as may be necessary to counteract conditions of starvation or malnutrition among the poor".

Federal funds provided under EFMS are utilized in broadening the existing range of nutritional and medical services as available from current federal and state sources.

In 1972, 2.2 million dollars were appropriated for Migrant programs which administer these funds to Migrant Farmworkers throughout the country.

United Migrants For Opportunity, Incorporated (U.M.O.I.) is one of six (6) III-B agencies, funded on a regular basis by the Migrant Division of the Office of Economic Opportunity (O.E.O.) to administer EFMS. U.M.O.I. has the program responsibility for ten (10) States in the Midwest. Among these are Ohio, Indiana, Illinois, Minnesota, Michigan, Wisconsin, and Iowa. These states received approximately 130,000 Migrant Farmworkers during the agricultural harvest season of 1972.

Migrant EFMS structure in the Midwest

Beginning in the Spring of every year, thousands of farmworkers and their families make their way toward the Midwest for the Harvest. Financially, their situation is precarious since income from the previous harvest is spent over the Winter months, and more often than not, money is borrowed to enable the trip northward. The major home based origins are Texas and Florida. Prospects for employment hang in the balance between weather and mechanization, but their immediate needs are housing and food.

The design of Migrant EFMS in the midwest is geared to alleviate this hunger situation as quickly and as expediently as possible. Primarily, it is accomplished through emphasis on Federal Food Assistance programs. Specifically, these are the Food Stamp Program, and the Food Distribution program where the former is not in operation.

EFMS Grant Funds are made available to assist County Welfare Departments with increasing seasonal staff to expedite Certification service delivery. Additional funds are made available to offset the purchase price of Food Stamps for those who, although certified eligible for benefits, are unable financially to secure them. Normally, this is paid through local County Direct Relief funds which are discretionary and very limited.

Allocation of Grant funds for these and other purposes is accomplished via Contractual agreements with Migrant Assistance agencies throughout the Midwest.

EFMS 1973 Program Funding Up-date

At the request of OEO Migrant Division, U.M.O.I. submitted a proposal for the 1973 EFMS program on October 27, 1972. On January 13, 1973 UMOI received from O.E.O. a signed Form 314 (grant authorization) indicating Six (6) months funding for EFMS, effective November 1, 1972. Attached to the grant authorization was written notification that the second half of the grant would be forthcoming if no altering circumstances occurred; and that any such occurrence would prompt written verification from OEO with an opportunity by the grantee (UMOI) to appeal. The half-way mark for this grant will come on May 1, 1973.

Since receiving this official authorization, U.M.O.I. has received no such funds, nor have we been notified officially that the funds would or would not be forthcoming.

Implications of Funding Delay

Because of the nature of priorities for EFMS in the Midwest, there is a specific range of activities which must be undergone prior to the major influx of farmworkers into the region. Negotiations for program activities must be carried out with State and Local Departments which administer Federal Food Assistance programs. Planning for the cost sharing of salaries for additional eligibility examiners who will work for various local departments must be done and the appropriate funds made securely available. Agreement on policies relating to State interpretations of Federal regulatory procedures are crucial to program continuity. Finally, training of all persons connected with program implementation must be formalized and accomplished prior to the influx of potential applicants.

None of these measures can be approached without the ability of the agencies involved to officially commit the funds necessary. There are not more than two (2) months remaining for these activities to fall within the prescribed timetable.

We have to date, received correspondence from several Contractors (see attached) indicating contact with Migrant families already arrived in their States. We are powerless to assist them due to the as yet, unrealized funds that have been authorized by O.E.O.

It is without any exaggeration to predict the flood of thousands of Farmworkers into local Food Stamp offices, which will be unable, both in terms of staff and of financial resources, to alleviate their needs. It can not be overemphasized that the funds authorized by OEO are crucial to the implementation of EFMS both by the Migrant Assistance agencies, and the State and local departments which receive costs reimbursements for increased service delivery.

In effect, the curtailment of the Emergency Food and Medical Services program for whatever justification, will serve to erase four years of concentrated effort, growth of understanding and progress, and most feared of all, the constant change from the term "starvation" gradually toward "chronic hunger."

Since 1969, the number of Migrant families receiving Federal Food Assistance benefits has grown from 15,000 to nearly 100,000.

Since 1969, four States in the Midwest have initiated specific divisions of their Departments of Welfare which are charged with availing services to Migrant Farmworkers.

Since 1969, the cost of assuring adequate nutrition for farmworkers in the Midwest has decreased from \$8.00 to \$3.50 per individual through the EFMS program.

As yet not mentioned, other services which have been made available through EFMS will also be terminated should funds not materialize. Among them are the

provision of dietary supplements and perscriptions for farmworker family members, and the provision of fortified infant formulas made available through Migrant clinics.

The provision of Emergency Food and Medical Services to Migrant Farmworkers can not be allowed to simply evaporate. The need is well documented—the ramifications of its loss, overwhelming.

We ask the assistance of the members of the Subcommittee and any whom they might influence, to enable continued progress in our fight to ameliorate the burden of hunger among our nations poorest of the working poor.

1972 STATISTICAL OVERVIEW

As the Midwest III-B prime sponsor for Emergency Food and Medical Services, U.M.O.I. emphasized advocacy toward Federal Food Assistance programs in 1972. The over-all objective was to ensure the participation by all eligible farmworker families, particularly in the food stamp program. Although faced with the practicalities of direct feeding in many cases, it was the primary function of all those involved to pursue federal programs whenever possible.

U.M.O.I. contracted primarily with III-B Grantees except in states that had no wide coverage through migrant farmworker programs. Most contractors relied on their own outreach capabilities, while others utilized sub-contracts with various state and private agencies. Many agencies operated with outreach staff only, with little administrative control from central grantee offices.

At the onset, three major problem areas existed. First, there were continuing indications as in previous years, of fewer available employment opportunities. The increase in mechanization brought a direct relationship in the incidence and duration of feeding needs.

Secondly, the United States Department of Agriculture was beginning the implementation of new federal regulations for the operation of the food stamp program. The regulations were as new to the administering agency (welfare) as they were to farmworker agencies. In addition, several provisions were detrimental to participation by farmworkers, and were later to be clarified by the courts. Meanwhile, the influx of migrants had begun.

The third problem was actually a combination of the first and second. With little administrative direction, outreach people in every program were faced with meeting the need, and at the same time coping with complex federal regulatory barriers. U.M.O.I. held training sessions for all outreach personnel in the new regulations. Later, each contractor obtained through U.M.O.I., the services of law student personnel who were trained in the regulations and were equipped with the research capabilities necessary to assist contractors in dealing with the various state interpretations. Unfortunately, their effectiveness was not felt before the migrant season was half over.

The statistical breakdowns below, show an over-all view of expenditures related to service delivery. Each of the four (4) items is summarized, with explanations of specific evaluative indicators:

1972 PROGRAM PARTICIPANT BREAKDOWN

State	Number of families	Number of individuals
Michigan.....	8,678	51,492
Ohio.....	1,888	11,751
Indiana.....	1,412	7,148
Illinois.....	876	5,463
Wisconsin.....	802	4,088
Minnesota.....	820	4,592
Iowa.....	416	1,855
Hope, Ark.....	451	2,098
Plus 0 purchase.....	402	2,393
Total.....	15,745	90,880

Summary: Figures for each state are stable with those of other sources relating to labor force, with the exception of Hope, Arkansas.* An allowance for double-

*The Migrant Labor Center at Hope, Arkansas has no outreach. It does however, contact up to 200,000 migrant laborers en route from the state of Texas. The EFMS function there is to provide service information in the Midwest, and limited food assistance.

counting indicates the over-all outreach capacity to reach approximately 77% of the target group.

The 0 purchase figure accounts for those reported cases when referrals are made, but with no expenditures for food stamps.

1972 PROGRAM EXPENDITURES

[Food related costs only]

State	Food stamp purchases	Food stuff purchases	Total
Michigan.....	\$71,124	\$84,296	\$155,420
Ohio.....	31,979	18,007	49,986
Indiana.....	4,387	26,221	30,608
Illinois.....	6,900	26,009	32,909
Wisconsin.....	1,174	20,685	21,859
Minnesota.....	14,497	28,665	43,162
Iowa.....	4,818	8,143	12,961
Hope, Ark.....		2,750	2,750
Total.....	134,879	214,776	349,655

Summary: Although not shown, monthly expenditures indicate an initial surge of direct feeding activities during April, May, and the first 15 days in June. There is a direct relationship between expenditures for food stamps vs. food-stuffs, and the level of expertise in negotiation with State Welfare Departments for improved service delivery.

Compared to 1971 statistics, all states except Michigan showed increases in Food Stamp expenditures. Michigan's decrease is attributed to improved outreach and the educative process which brought many farmworkers into Welfare Departments on their own in 1972.

1972 FOOD STAMP BREAKDOWN

State	Expenditure	Bonus amount	Purchasing value
Michigan.....	\$71,124	\$294,608	\$365,732
Ohio.....	31,979	127,720	159,699
Indiana.....	4,387	15,722	20,109
Illinois.....	6,900	20,318	27,218
Wisconsin.....	1,174	4,841	6,015
Minnesota.....	14,497	51,289	65,786
Iowa.....	4,818	7,188	12,006
Total.....	134,879	521,686	656,565
Value, food stamps.....			\$656,565
Expenditure, foodstuffs.....			+214,776
Total food purchasing value, 1972.....			871,341

Summary: The multiplier effect is emphasized in U.M.O.I.'s priorities. The figures show an increase of \$187,000 over 1971 in purchasing value. Also contributing to the increase are; the utilization of the 0 purchase provision and, the federal "bonus" increase in 1972.

1972 COST PER INDIVIDUAL BREAKDOWN

State	Individuals served	Expenditure	Cost per individual
Michigan.....	51,492	\$155,420	\$3.18
Ohio.....	11,751	49,986	4.25
Indiana.....	7,148	30,608	4.28
Illinois.....	5,463	32,909	6.02
Wisconsin.....	4,088	21,859	5.35
Minnesota.....	4,592	43,162	9.40
Iowa.....	1,855	12,961	6.99
Hope, Ark.....	2,098	2,750	1.31
+0 purchase.....	2,393		
Total.....	90,880	349,655	3.85

Summary: Since cost effectiveness is necessary to any program, these figures are self-explanatory.

MINNESOTA MIGRANT COUNCIL,
Lewistville, Minn., January 9, 1973.

Mr. DICK JOANIS,
Director, Emergency Food and Medical Program, United Migrants for Opportunity, Inc., Mount Pleasant, Mich.

DEAR DICK: I hate to bother you during the evaluatory portion of your program, but I have a very deep concern which relates directly to your program.

Since the termination of food vouchers in our state, M.M.C. has had a small number of requests for emergency food. Since no vouchers existed, we found it necessary to use our limited, but general, emergency funds in order to keep these migrant families from going hungry. We will continue to do so until a new E.F.M.S. program is funded in Minnesota but my fear is the following. Should there be a sizeable delay in funding a new program, our emergency funds will be reduced sizeably, even before the new migrant season begins.

As you know, an emergency fund often is the only way of providing service to low-income migrants. We wish to protect this option for Minnesota's migrants.

When will a new E.F.M.S. program be funded in Minnesota? What can be done to produce a E.F.M.S. program in Minnesota at the earliest possible date? Is there any way in which M.M.C. can be reimbursed for any emergency food grants issued this winter?

I do appreciate your assistance in this matter. I know you are busy and I dislike adding to your work-load. My desire is to protect and extend our \$7,500 emergency fund so that we can finally help migrants in Minnesota. For too many years we have only talked, rather than acted.

Lastly, let me again express M.M.C.'s desire to sponsor and administer Minnesota's E.F.M.S. program in 1973. In this regard, let me ask one further question. We have recently been given permission to work in the North Dakota portion of the Red River Valley. Would your contract include funds for this area? If not, who has E.F.M.S. money for North Dakota?

Respectfully,

JOE ZUIKER.

AMOS, INC.,
Indianapolis, Ind., March 14, 1973.

Mr. RICHARD JOANIS,
Emergency Food Coordinator, United Migrants for Opportunity, Inc., Mount Pleasant, Mich.

DEAR DICK: This is a request for emergency food and medical services money. AMOS needs money to service the migrant families that are starting to come to Indiana. Also, remember that we have seasonal farmworkers who utilize the services.

To date we have had to deny EFMS money to 34 families. The following are the names of those who have come before us for food and/or medical aid since the EFMS grant was terminated on December 21, 1972:

Name	Number in family	Amount needed	Name	Number in family	Amount needed
Nestor Rios.....	7	\$21.81	Jose Cuellar.....	9	---
Pedro Hernandez.....	5	35.00	Manuel Zamora.....	5	\$70.00
Jacob Valdez.....	1	7.00	Tenaro Nevarez.....	1	28.00
J. R. Perez.....	1	14.00	Carlos Angeles.....	1	28.00
Benito Velez.....	3	25.00	Leonardo Trejo.....	1	28.00
Hector Reyes.....	12	60.00	Ruben Estrada.....	5	15.00
Lauriano Cisneros.....	6	25.00	Sacramento Arredondo.....	2	15.00
Jesus Garza.....	9	50.00	Manuel Martinez.....	5	15.00
Antonio Garza.....	5	25.00	Armando Pena.....	7	20.00
Ezequiel Morales.....	5	35.00	Ernesto Reyes.....	3	10.00
Rich Thomas.....	1	6.00	Nestor P. Rios.....	7	21.81
Anastacio Herrera.....	1	6.00	Pablo Flores.....	7	25.00
Andres Delgado.....	9	45.00	Nicolas T. Gutierrez.....	6	25.00
Domingo Samora.....	1	10.00	Rosie Zamora.....	3	64.00
Eddie Ortega, Jr.....	3	15.00	Jerry L. Lewis.....	7	35.00
Eva Sandoval.....	2	20.00	Jose Zamora.....	9	121.00
Gilberto Adames.....	5	15.00	Guadalupe P. Vallejo.....	2	54.00

Looking forward to our signing of the new contract and hoping to hear from you soon.

Sincerely,

RAUL G. BARRERA,
Executive Director.

TOLEDO DIOCESAN OPPORTUNITIES COMMISSION,
Toledo, Ohio, March 15, 1973.

To : Emergency Food and Medical Services Coordinator.
From : Joann Thomas.

Counties Involved: Mercer, Darke, Lucas, Erie, Huron, Hancock, Henry, Wyandot, Putnam, Seneca, Wood, Ottawa, Defiance, Fulton, Williams, Sandusky.

These counties are served through several different agencies, some being : Community Action Commissions; Ohio Bureau of Employment Services; Toledo Diocesan Opportunities Commission; Welfare Departments; and, any other institution in contact with migrants.

SITUATION IN 1973

In the state of Ohio most migrants do not enter for seasonal work until mid-April. March is too early, but approximately 100 families have entered the area right now. Job expectations for migrants throughout the season have a potential of being up particularly from the tomato processing industries, but such industries as sugar beets or the direct seeding of tomato plants, which are early season migrant activities, will be down. Because last year's weather conditions either destroyed or cut-down crop production, many migrants left earlier in the fall than usual. As a result, there is an expectation of an early influx of migrants and no job expectations to equal it.

At present, there is no emergency fund available in the state to cover any extensive period. The Ohio Bureau of Employment Services has a small relief fund from the Department of Labor in 1972, some of which remains. Outside of this, no agency in the state has any funds to use to provide emergency service to migrants of any kind, let alone just food.

From the agencies we contacted, the following statistic for the 1973 season have occurred :

Agency :	<i>Families denied assistance</i>
Auglaize-Mercer CAC-----	210 (5-7 person families)
Northwestern CAC-----	100 (5-7 person families)
E.O.P.A. CAC-----	20 (were later certified)

Let us note that most of the influx of Ohio migrants does not occur until after mid-April.

As a result, the only legitimate statistics are those from the 1972 season.

During the 1972 season a total of 1,888 families were assisted and 11,751 individuals were assisted. We anticipate serving an equal number of people, at least, in 1973 with an early demand rather than a demand in September or October, which was the case in 1972, due to weather conditions.

It is important to note that even though migrants are, whenever possible, brought into the institutional process the length of time it takes to list a family on the food stamp program usually exceeds the length of time that family can manage on its own. This results in the family needing assistance by direct purchase of food stuffs for at least up to three days and often for six days. Everything possible is done though to use food stamps.

We hope that this information will assist you in making a judgment concerning a need for the Emergency Food and Medical Services program in 1973. We feel we have been a useful and necessary service to a large segment of low-income families in Ohio.

Mr. HAWKINS. We wish to commend you on the very excellent testimony that has been presented on one of the most serious problems that has been presented to this committee. I hope that you will feel free to keep in touch with the general counsel and that you can work on more specific cases.

Are you one of the witnesses in this group?

Mr. BARRERA. Yes, sir. I am Raul Barrera.

Mr. HAWKINS. Would you care to supplement what has been said?

Mr. BARRERA. Yes.

Mr. HAWKINS. Proceed.

**STATEMENT OF RAUL BARRERA, DIRECTOR, ASSOCIATED MIGRANT
OPPORTUNITY SERVICE, INDIANA**

Mr. BARRERA. In the first place I am from Indiana and we are in a different situation as UMOI is right now because our funding came from August 1, 1972, or should I say our contract was signed from August 1, 1972, through July 31, 1973. We were given 6 months' funding with the intent of getting the second 6 months by February 1. As of to this date we have not received word one as to our second 6 months' funding. I would just like to briefly go through this like you mentioned to summarize. You do have a copy of our introduction there as to what has happened to AMOS since February 1.

We have just started a two-pronged educational process directed at the farmworker and the general public. The farmworker had to be approached and made aware that there are laws and regulations which should be protecting him. The employers, church groups, student bodies and the public at large had to be reached with a message that farmworkers are human beings with the same rights and privileges as any other citizens.

We are doing nothing. We have not heard one word whatsoever. We have had telephone calls from people saying just what rumors are happening in Washington, D.C.

Mr. HAWKINS. You are funded up until what date?

Mr. BARRERA. Our contract is signed for 1 year from August 1, 1972, through July 31, 1973.

Mr. HAWKINS. So you are funded up until July but beyond that period—

Mr. BARRERA. The contract is signed for a year but we got 6 months' funding and we have heard not one word, like I say.

Mr. HAWKINS. Are you funded at the present time?

Mr. BARRERA. No, we are not.

Mr. HAWKINS. When did you last receive money?

Mr. BARRERA. It was for 6 months, a letter of credit for 6 months.

Mr. HAWKINS. That took you up to what date?

Mr. BARRERA. January 31, 1972.

Mr. HAWKINS. January 31?

Mr. BARRERA. Yes.

Mr. HAWKINS. So since February 1, 1973, you have not been funded at all?

Mr. BARRERA. No, sir.

Mr. HAWKINS. You have received no word, no communication, no indication of what may happen?

Mr. BARRERA. Not one word.

Mr. HAWKINS. Nothing of any kind?

Mr. BARRERA. No.

Mr. HAWKINS. Have you attempted to get any information?

Mr. BARRERA. By telegrams, by writing to our Governors, our Senators, Congressmen, you name it. Telegrams to Mr. Howard Phillips,

telegrams to Mr. Randolph Fig and letters and all sorts of communication from our side.

Mr. HAWKINS. Did you receive any answers at all from the Office of Economic Opportunity?

Mr. BARRERA. None.

Mr. CONYERS. How many people are affected on the payroll?

Mr. BARRERA. On the payroll something like 43 people on the staff.

Mr. CONYERS. Have they been coming to work since February 1?

Mr. BARRERA. Yes; they have. This is something I wanted to get to. On February 1 as we had restructured to go into this new program it was doubling because they mentioned that they wanted AMOS to really be effective because they had seven offices. I took over as director last October so I started my restructuring of the program. On February 1 we started placing our people in concentration of where the migrant would be this coming summer.

On February 16 I had to lay off all my field staff. On February 23 I had to get go all of my regional directors and regional secretaries. Right now what is holding the AMOS program together, you might say, is myself, the director; my deputy, my financial officer and our secretary for the State. We also have a lot of the people that were laid off by me. They are working on a volunteer basis with the hopes that OEO will see to fund us. —

Mr. HAWKINS. Is there a State office of economic opportunity in Indiana?

Mr. BARRERA. There are local ones. Like Fort Wayne, there is one local.

Mr. HAWKINS. But you would not come under that jurisdiction, would you?

Mr. BARRERA. No, we are Federal.

Mr. HAWKINS. Directly funded out of Washington?

Mr. BARRERA. Yes.

Mr. HAWKINS. And you have had no response at all to any of your letters, telegrams, inquiries?

Mr. BARRERA. No, sir.

This is the kind of a problem we have that what OEO has destroyed or Mr. Howard Phillips has destroyed will not be rebuilt overnight; that even if we were to get our money today we would have to rehire new staff because of our old staff. Some of the experienced people that were there, they would know what they are doing. They know, they have the local contacts, they have everything that they knew from 7 years of operation. That has gone out the door now because they had to get a job to support their families. So now if OEO comes back and says, "Here is your money, go to work," I would have to start retraining new staff. We would not be prepared for the money.

These are some of the things that I really wanted to get through to this committee. I would really like to have you maybe answer some questions for me. If you don't have very many more questions for me, I would like to ask some from you.

Mr. HAWKINS. Well, I did want you to give us copies of the correspondence which you had or the letters which you sent to Mr. Phillips that have remained unanswered because we are going to insist on some answers.

Mr. BARRERA. Yes; we could give you those.

Mr. HAWKINS. Do you have copies you could give counsel?

Mr. BARRERA. Yes.

Also, the Governor from Indiana, our Senators and Congressmen got copies of letters that I sent.

Mr. HAWKINS. All right. Now what are the questions that you would like to ask the committee?

Mr. BARRERA. One of the questions was that we have been told unofficially that the programs would be going into the Department of Labor, and if they do go into the Department of Labor will we be able to operate the same type of programs that we are operating now? In other words, involving the recipient, the migrant, in running their own programs because they must know as they have a board that is composed of farmworkers. They are running their own program and we intend to keep it that way. This is the kind of thing we would like to see happen if we do go under the Department of Labor.

Mr. HAWKINS. Certainly if it is transferred and revenue sharing is passed it would be purely a local option program. If this happens, then we have no way of knowing what type of a program would be selected at the local level.

Mr. BARRERA. Under revenue sharing, this is another thing I would like to talk about. With the dismantling of OEO and the reorganization of social programs we are being cut from the revenue sharing and the States and cities will be responsible for picking up service responsibility. This is extremely inaccurate especially for migrants as we have seen the States and cities reluctant to respond. The answer is to give aid to their citizens by operating their existing services with the revenue sharing moneys. This is a popular move for officials to get reelected. That is what we have seen.

Mr. HAWKINS. That is what we have seen, too, and that is why we are conducting these hearings because we feel that revenue sharing, even if passed, would destroy the program or take it right back to the same situation we had prior to the time that the Economic Opportunity Act was first passed. We are not really confident that revenue sharing is going to be passed, so that what we seem to be headed for in that regard may be a deadlock. So it is a problem. The situation is something which is very difficult to anticipate and that is why I feel that we should do something about these cases now. I don't think we should wait for any revenue sharing.

Mr. BARRERA. We do not see any help from revenue sharing because in the first place the migrant does not have the political clout that the local politician is looking for. So that is why we are asking that any migrant programs be held at the national level, be it the Department of Labor or OEO continues or whatever.

Mr. HAWKINS. I think your testimony is very well documented, very strong in support of that contention, and that is why I think that we should explore the ramifications of this. It is pretty obvious that Mr. Phillips is operating an agency in such a manner as to discourage rather than get into the legal process of giving you adequate hearings, giving you sufficient notice, and even without giving you any rationale or answers to anything. I think that this is a very illegal manner of operating. I think this thing has to come to a head and come to a head very soon.

Mr. BARRERA. We were hoping that something like this would happen very, very soon because going back to what I said before about releasing my field staff, under our personnel policies they do deserve severance pay, vacation pay that they had coming. We could not even pay that.

Mr. HAWKINS. Well, Mr. Clay suggested another possibility and that is civil action. We would be very glad to explore that also with you.

Mr. BARRERA. I would like very much to talk to this committee on that if it is possible.

Mr. HAWKINS. Fine. Keep in touch with our General Counsel here, Mr. Bill Beckham. Certainly we will explore these various possibilities with you.

Mr. BARRERA. I think that is all I have for this time. I want to thank you very much for allowing me to be before you. We will keep in touch.

Mr. HAWKINS. Thank you very much.
[The written statement follows:]

STATEMENT OF RAUL G. BARRERA, EXECUTIVE DIRECTOR, AMOS, INC.,
INDIANAPOLIS, IND.

A.M.O.S., Inc., as the Office of Economic Opportunity, Migrant Division Grantee for the State of Indiana has accepted the responsibility of administering projects designed to alleviate the plight of migrant and seasonal farmworkers. We have bound ourselves to such responsibility for various reasons, some of those being that, as most of the Board and Staff are ex-migrants, we know the problems of farmworkers; also we know that there are many other individuals and institutions who have for face value stated that they shall work on behalf of farmworkers, but to date have exercised minimal efforts, if any. The migrant and seasonal farmworker struggle for survival amidst almost insurmountable obstacles has been compounded by many, many years of neglect from the County and State Health Depts.; from the State Dept. of Education; from the County Welfare Depts, and township trustees; from the officials responsible for enforcing minimum wage standards; and we can go on and on to show that in so many activities, institutions responsible for services for farmworkers have shown themselves to be irresponsibly neglectful.

In regard to these issues, Congress apparently has attempted to resolve some problems by enacting legislation, authorizing expenditures for projects such as conducted by A.M.O.S. Also, Congress from time to time has called Hearings such as this one in effort to maintain a person to person relationship with the masses. On a similar basis, A.M.O.S. had begun a two-pronged educational process directed at the Farmworker and the general public. The farmworker had to be approached and made aware that there are laws and regulations which should be protecting him. The employers, church groups, student bodies, and the public at large had to be reached with the message that farmworkers are human beings with the same rights and privileges as any other citizen.

The present Federal trend has interrupted this educational process. The efforts of so many Board and Staff members, both along with, and in behalf of the farmworkers; the court cases, lectures in churches, pleas for medical attention, and hearings, such as this one today, are in jeopardy.

Things would not be so bad if only those projects which we are told have displayed so much lack of responsibility and mismanagement were the ones to be affected, but at issue today is the fact that the very issue of due process is at stake here. The Board of A.M.O.S., Inc. has a contract, with the Migrant Division of the Office of Economic Opportunity, of which the beginning date is August 1, 1972, ending July 31, 1973. Funding for the first six (6) months of this fiscal year was authorized by O.E.O. Migrant Division, with the stipulation that funding for the second six months would be forthcoming, pending an evaluation of our current project. No evaluation has been conducted as of this date. No official notice of the continuance or phase-out of the A.M.O.S. project has been given by the O.E.O. Migrant Division, or by anyone else. On February 1, 1973 A.M.O.S. had just restructured its operations to better serve the migrants

who come to Indiana. Staff was being placed in areas of camp concentration, our Field Staff capacity was almost doubled, from 14-26, local resources and contacts were having to be made. In addition to A.M.O.S. activities under the/our III-B Account, the Board had wanted to expand our health care delivery system from the three clinic sites operated last year, to seven clinic sites throughout the state in areas of Migrant concentration. Such a project, under an H.E.W. Account, will most likely *fall* without the necessary supportive services of the Staff we have under our III-B Account. Keeping the need for the Health Services in mind, at this point we should remember the Typhoid fever outbreak in Florida this season.

A.M.O.S. target population is the 20,000 migrant and seasonal farmworker force in Indiana. Approximately 10,000 were assisted with emergency food and medical services last season, and many others with information, re-settlement, jobs, and housing. This year we project that many more farmworkers will be coming to the Mid-West, not only Indiana, as a result of bad weather and crop destruction in their home-base States this past season.

To serve this number of people, A.M.O.S. administers various program accounts contingent to our III-B Account. Our Migrant Division Grant totals \$432,000, which has been more than doubled by generating other funds.

As a result of poor coordination and lack of cooperation on the part of the Office of Economic Opportunity, February 16, 1973 was the last day the Field Staff was on salary, and February 23, 1973 was the last day the Area Coordinators and Secretaries were on salary. Some Area Staff is still working on a voluntary basis with hopes that continued funding will be authorized and some have obtained other jobs because they have families to support. A.M.O.S. will not be able to get its experienced and trained staff back even if O.E.O. Migrant Division decided to comply with our contract today. We will have to start retraining new staff, when they are most needed out in the camp sites. Whatever communication existed between local communities and A.M.O.S. staff will be lost. Campesinos won't know the new A.M.O.S. personnel, which is very essential when working with people. March 1, 1973, rent was due on all area offices (rent which A.M.O.S. could not pay). If A.M.O.S. is forced to close its offices around the State, it will lose its credibility with its lessors. The point of contact with the-Migrant will be lost, and it will take time for A.M.O.S. to pass information as to new locations of its offices to the campesino.

With the reorganization of Federal Programs, we were informed unofficially that some Migrant Division Projects would be transferred to the Dept. of Labor. We have no clear indication of how and when this transfer is to occur, or whether there is any intention of funding the currently existing Grantees. What appears to be happening is that during the time lag of this "transfer", many of the currently funded Grantees are in jeopardy due to lack of Grant Action by O.E.O. Migrant Division. What can be done to effect positive Grant action by O.E.O. Migrant Division, inasmuch as communication is very unclear and vague? How can we find out if there is any intention to maintain the same Grantees? If there is such intention, then how can we find out when this transfer will be effective? What can be done to speed up the process? If Migrant Grantees are to be transferred to the Dept. of Labor, we recognize the need for their operations to remain on a national level, which leads us to another issue, that of services for migrants via states' and cities' support.

With the dismantling of O.E.O. and the reorganization and de-nationalization of social programs, we are being informed that Revenue Sharing in the States and cities will be responsible for picking up Human Services responsibilities. This view is extremely inaccurate, especially for migrants, as we have seen the States and cities reluctant to respond to their own impoverished urbanities. The view of the States and cities is to give tax breaks to their citizenry, by operating their existing services with the Revenue Sharing monies. This is a popular move for officials to get re-elected. State and city officials have already met with their Department heads, they have already made up their budgets and shopping lists which overlook the urban poor, and the migrants haven't even come to mind. Their itinerancy, due to the nature of their work, forbids them the residency requirements to vote even in those cities which might be willing to provide some assistance.

For the Migrant Farmworker the "American Dream" has always been in reality, a nightmare. The "American Way" of working and enduring for certain just rewards simply does not apply, because for the farmworker in America there is no justice, and the free enterprise system confronts us with the reality that whichever of us is hungrier will work harder and for lower wages.

Mr. HAWKINS. Mrs. Maryann Mahaffey and Mrs. Roland O'Hare. Mrs. MAHAFFEY. Mrs. O'Hare had to go home.

Mr. HAWKINS. And Mr. Richard Huegli. Is he with your group, Mrs. Mahaffey?

Mrs. MAHAFFEY. No.

Mr. HAWKINS. All right. Proceed, Mrs. Mahaffey.

STATEMENT OF MARYANN MAHAFFEY, CHAIRPERSON, DETROIT MAYOR-COMMON COUNCIL TASK FORCE ON HUNGER AND MALNUTRITION

Mrs. MAHAFFEY. I am the chairperson, it is a joint appointment to a committee of approximately 40 established in 1970 to assess the food and nutrition needs of Detroit, to monitor and evaluate existing programs and to make recommendations for improvement in existing programs and for new programs.

I want to thank you for being here today and for giving us the opportunity, all of the various citizens, to share with you information and feelings.

You have before you my written testimony for the task force and I will not read it. I will try to pull out a few cogent comments and a case history or two.

Mr. HAWKINS. The testimony in its entirety, however, will be printed in the record at this point.

Mrs. MAHAFFEY. Thank you.

[The written statement follows:]

STATEMENT OF MARYANN MAHAFFEY, CHAIRPERSON, MAYOR-COMMON COUNCIL TASK FORCE ON HUNGER AND MALNUTRITION, DETROIT, MICH.

I am also Associate Professor of Social Work at Wayne State University and a member of the National Board of the National Association of Social Workers.

Our Task Force was appointed in 1970 to 1) Assess food and nutrition needs of Detroiters, building a data base, 2) monitor and evaluate existing programs, and 3) to make recommendations for improvement in existing programs and for new programs.

Scientific studies have proven that if there is insufficient nutrition severe damage can result. In the pre-natal period and early childhood the results can be brain damage, organic damage leading to rickets, poor teeth, anemia, reduced resistance to disease, etc. Undernutrition also can result in delayed growth, reduced energy levels, hunger pangs and pains that contribute to short attention spans in school, and psychological depression. Studies document the clear relationship between poverty, low income, and under and mal-nourishment.

The Task Force recognizes that malnutrition is caused in teen-agers be fad diets, etc. We also recognize that people with inadequate incomes cannot purchase sufficient food as well as other basic necessities such as clothing and housing. In addition in certain neighborhoods without chain supermarkets, food may be as much as 20% higher on some items.

Detroit is classified as having persistent and high unemployment. Industrial firms, businesses etc. move out or threaten to move out. Some economists argue over the unemployment rate some regard as a necessary corollary to stabilizing inflation—shall it be 3½ or 5½%? Michigan in the meantime is one of the states that does not require food enrichment of basic foods such as rice, flour, cornmeal, grits, cereals and cereal products. So people with restricted incomes eat a heavy concentration of cheap foods that have lost nutrients as a result of processing. Only such foods are not so cheap anymore.

The cycle of poverty is a recurring one. The basic principle of our social programs has been to locate and then eliminate or alleviate needs that force people onto public assistance—to provide supports and services to hold families together and stave off damage resulting from separation. Congress has diverted money to

specific programs in the past, because local governments could not always be depended on to allocate resources to the areas of greatest need.

HEW says the states are not doing an adequate job, and then reduced standards in the proposed Social Service regulations, before the results of its own two year study are produced on child care.

The new secretary of HEW says that the problem is to be solved through employment, government has not solved the problems so we must turn to the private sector. The private sector has been given the change including incentives for hiring the so-called hard-core unemployed. The private sector has not done the job. Unemployment climbs.

The minimum wage is not keeping up with the cost of living. Many are not even covered by the minimum wage and/or unemployment compensation. In recent years we developed a range of services to enable people to go off the welfare rolls, services such as child care that enabled a mother to work knowing her children would receive quality care. She had a two year period to receive such help, after going off the rolls. The new regulations would cut this to three months.

In the meantime our welfare families are getting younger, better educated, with smaller families and younger children. Job skills are still often inadequate for the current market.

Without child care, the school lunch and summer lunch program assume greater importance than ever. But the summer lunch regulations as recently proposed, create even more problems. The regulations are seemingly devised to restrict the numbers eligible, increase the paper work, and reduce costs by changing the requirements of nutrients, also providing less nourishment for some children. Example: there must be holding and storage facilities or the lunch site will receive a cheaper and less nutritious meal. Not—holding and storage from delivery to consumption on the same day, which would make dry ice and styrofoam containers a possibility. The regulations also urge moving the program into the schools, and in Detroit this means extra expense, as well as problems for youngsters crossing major arteries with no crossing guards. The poorest areas are likely to have the lesser possibility of adequate "holding and storage facilities" and end up with the least nutritious meal.

In addition, the summer lunch program depended on NYC youth to provide activity under the supervision of community volunteers. The NYC program may get a small appropriations, but not anywhere in line with need. The Detroit poverty program supplied staff to locate and supervise summer lunch sites, in fact they were responsible for the largest number sponsored by any one organization, some 89. The poverty program located volunteers, community residents. Even if the Detroit schools and the city find the money to open the schools for the summer lunch program, they will find it very difficult to recruit and supervise the volunteers. And youngsters will suffer.

PROBLEMS ABOUND. There are seven food stamp sales offices in Wayne County. Many people do not know where they are. Many cannot get to them. Since its inception, the Task Force on Hunger and Malnutrition has been trying to improve this situation. Banks in other areas sell food stamps. In Detroit the asking price per transaction is double that of other areas. The Post Office in King County Washington and on the state of Arizona sells food stamps. The Detroit Post Office refuses. Yet less than 50% of those eligible use food stamps in this area.

The state of Michigan section of the National Nutrition Survey of 1968 documented iron deficiency anemia as the most prevalent disease in the state. Via the MCHRD (OEO) clinics we have been able to locate some of this anemia, provide nutrition counseling, home health aides and homemaker service. In addition, we have a program of supplying iron fortified formula. The food prescription program in Detroit in February serviced 14,683 persons with high protein supplements ($\frac{1}{2}$ of the need). The administrative costs for this program come from OEO funds, slated for removal. Even if the people running the program find money from some other government sources, its precarious when it is not a line item. In addition, Detroit has prided itself on having one fund raising campaign. Now, for survival of a program needed by more than 70,000 people, there will need to be a campaign to come up with \$210,000. Our United Fund campaign always sets its goal at what can be raised, never at the actual need. The burden on the private sector will be great, while the program for the poor will suffer.

Currently, emergency food is provided by the State Department of Social Services for those whose check has been stolen or there has been a "natural disaster." If one's check is delayed by the Post Office, one must turn to private emergency

resources. Such services in Detroit ask that there be limited publicity, for they cannot keep up with the demand with private donations. In the meantime, the poverty program locally has an excellent record of referring people for existing food programs they may not have known about, including food stamps, picking up food for people from local churches, maintaining in many centers, voluntary food banks, taking people to market, helping people start and maintain food coops, referring people to other emergency food resources and providing nutrition counseling for many through the clinics, and in people's local communities, recreation centers, churches, etc. One center for example made 2,000 referrals through their home services department in one year. Another delivered 1250 food baskets.

The MCHRD nutritionists also provide counseling and demonstrations twice a week at the Food Prescription warehouse, so women may learn how to better prepare and use the high protein supplement foods. All of this is due to go, and cannot be replaced.

Currently in Detroit and Michigan, there are no special dietary supplements for people on public assistance. The end result is a cycle of unrelenting poverty. The public assistance allotment is not enough for special dietary needs. Therefore, a mother gives up food in order to stave off hospitalization for her diabetic junior high school daughter. The youngster begins to lose weight. She wants clothes that fit. Her mother has hypertension and cannot get a job, for no one wants to take a chance on her health. The youngster knows a girl who got new clothes and a baby. Mother starves herself further to prevent this and buy one outfit. If the child is hospitalized, the cost will be more than the small amount extra needed each week. Mother needs money, she gets health care at a MCHRD Clinic.

Senior Citizens call to find out if they are eligible for food stamps. A typical case at the MCHRD centers involves an elderly woman receiving a total of \$140 a month in social security and state supplement. She lives with her daughter rent free. She has high blood pressure, and must see the doctor every two weeks in addition to needing a special diet. A homemaker would be helpful, since daughter works in a job not covered by the minimum wage. The mother is eligible for food stamps, and the MCHRD Center makes sure she gets them.

The problems of the elderly are not confined to the inner city. I recently received a letter from a volunteer in Oakland County. She had in turn been referred to me by the Speaker of Michigan's House of Representatives. The husband is 74, the wife 67. They are both on Social Security. His allowance is \$153 per month and she gets \$47. His monthly welfare benefit is \$16 while she gets \$5. They receive food stamps, but they must pay \$42 for \$64 in stamps. The evaluation of their small home has gone up \$3,500, and they have been notified that they will have to pay property taxes. They do not know what the amount will be. Water and sewers are on their way which will bring additional charges. They fear the loss of their home.

The husband has had a stroke leaving him paralyzed on the right side. He drags his foot and his right hand is completely useless. Nonetheless he tries to keep up a small garden and she cans as much as possible.

Although they are eligible for medicare and medicaid, this does not cover necessary medications that are bought without prescriptions, such as aspirin, soaps, Deep Heat, and the elastic socks he must wear. They are financially unable to replace household articles that are fast wearing out with normal use, such as linens. The family has received some help through the poverty program in Oakland County, enabling them to remain in their own home this long. The cost of nursing home care will be more than is currently spent on them with assistance from the poverty program. Their own psychological condition will be better in their own home. Citizens for Better Care in Detroit, estimates that up to 8,000 elderly people could be in their own homes, if homemaker service were available. The end of the poverty program will eliminate some home health aide and homemaker service. In addition, the proposed rule that forbids matching private dollars for federal dollars for social services will eliminate homemaker service from the private sector.

Many people do not know where to go for service, and the Department of Social Services does not have an information and referral service in this area, and the new social service regulations make no mention of such a service. The poverty program now provides such service. For example, in the midst of the heavy snow recently, a young woman came into a Target area center. She had no boots, her slacks were wet to the knees. She had a baby in her arms, a youngster on her back and another walking by her side. The youngsters had raging temperatures. She had called the nearby hospital and was told not to come in. Worried, she had brought the youngsters to the nearest MCHRD Clinic. The

Doctor sent them to the hospital in a taxi. She did not know what to do, she knew that MCHRD would help. That source is now threatened. In the process she was referred for the high protein supplement program, to combat iron deficiency anemia.

People come to MCHRD for help with housing, to get their teeth filled so they won't lose them, for help with family problems, for food, for nutrition education and assistance. They come when there is illness in the family. The private sector did not provide this service in the past. In fact, there were demonstrations in Detroit in the last several years, protesting the fact that United Fund money was not allocated according to greatest need, that very little service was offered in the poverty stricken areas, and representation of Blacks, minorities and the poor was almost non-existent on Boards. There is a very slight improvement, but much remains to be done.

The new proposed Social Service regulations, taken in conjunction with the cut-backs in OEO, are likely to freeze people into Catch-22 positions. Currently the Department of Social Services must offer counseling to the 40 year old mother dying of cancer. She needs help in tying up her affairs, determining how she will handle this with her children, and make arrangements for their care in the last days of her life and after death. Under the new regulations, that service will not be available, for no mention is made of counseling either as a mandatory or optional service. And the MCHRD program will not be an available alternative. There will be no homemaker service available to make sure that the youngsters are fed, and she properly cared for, until terminal hospitalization.

SUMMARY

In previous years there has been an attempt to increase the availability of services such as homemakers, nutritional counseling, child care, etc., in order to provide the supports so that families could stay off welfare, while working at low paying jobs. MCHRD as the local OEO program, provided some of these services, as well as referral service. The minimum wage has not gone up, unemployment, and the cost of food has climbed. Now HEW threatened to eliminate the services.

The budget apparently is to be balanced at the expense of services, while leaving untouched the water in the defense budget. It is a penny wise, pound foolish policy. Without food people have less energy, and physical and psychological damage is created. Without services, people at low paying jobs cannot maintain those jobs and provide food and care for their children or aged relatives short of institutionalization. In many instances institutionalization is wasteful and damaging. (We should be reminded that over two-thirds of the ADC cases in Wayne County as of last September, 1972 were not receiving full grant, but getting ADC as a supplement.)

Congress recognized the need and mandated the services. Now the Office of Management and Budget announces impoundment of money, and the new proposed regulations further dismantle congressional intentions. The needs have not disappeared, in fact economic conditions are creating new and more severe needs. Economists debate whether $3\frac{1}{2}$ to $5\frac{1}{2}\%$ unemployment is a necessary corollary to stabilization of inflation. Who shall be the unemployed? And in that event will we improve their chances of employment by eliminating services such as child care?

By failing to provide services to those on the edge of poverty we doom them to a return in the welfare rolls, or to malnutrition and poor health, as they attempt to stay off welfare. Either way the cost to society will be great, and in some instances irreversible.

And of course as fewer and fewer people can use the service, the proof will be there that there is no need. In another ten years, we'll have a big expose of the damage caused by poor nutrition, only it will be too late to help those children born and raised in the ensuing years.

Mr. Weinberger states in an interview in US News and World Report that by making the elderly ill pay more for hospitalization, it will shorten their time in the hospital. But the Doctor determines that. Is the President saying that Doctors are unprofessional, and he will punish the senior citizen therefore? Mr. Weinberger is critical of the states because in some states there have been up to 30% improper payments for welfare. Then why turn over money for services with fewer strings attached and reduced standards? He states in effect that Washington bureaucrats can't be trusted so the control and money must be given to the states and localities. The Congress surely cannot trust

the Washington bureaucrats either, and must from now on write the regulations into the legislation and not leave it to the bureaucrats.

The Social Service regulations must be turned down. The categorical programs must be continued. Only 14% of the total HEW budget is flexible money, not committed to programs such as social security. Indications are that genuine tax reform and elimination of waste in the defense budget could provide the \$13 billion in dispute in the HEW budget.

We support Congress in its responsibility to appropriate money for social programs.

We support the continuation of categorical programs such as the poverty program. We seek the health of this nation's citizenry, as paramount to a healthy society. We think its time that the world knew of the success stories, and of the bureaucratic regulations that limit the successes. Cutting funds will not solve problems, it may only shift the locale.

Mrs. MAHAFFEY. The comments I wish to make are directed at what I see as, No. 1. a catch 22 situation in this Nation as it affects the unemployed and the underemployed, a condition that is illustrated when Secretary Weinberger speaks of the necessity of turning programs back to local control because the Federal bureaucracy has been inadequate. Yet at the same time the Federal bureaucracy issues proposed guidelines for social services which in effect negate the congressional mandate of services being provided for those who were underemployed and those who were working at low wages, the working poor—those not covered sufficiently by unemployment compensation, not covered by minimum wage or working at the minimum wage which is far too far below the level needed for decent human living.

You are familiar with the problems of the rising food costs, the rising cost of living which creates a further trap for those who are poor and those who are the working poor. I think all too often we forget that a great number of people in this country are not on welfare but living at welfare level wages and having great difficulty surviving.

Those social service regulations, if they go through, will further handicap people along with the threatened demise of the OEO program. I want to give you just a few case examples, not take too much time.

For example, one of our problems is that it is the NYC youngsters who provided the group activities that made possible having a summer lunch program. We face through the social service regulations the potential of mothers who are working at low wages being ineligible for child care, turning them hopefully to a summer lunch program, finding that the NYC program is not available to supply jobs for young people that makes it possible to provide activities for those youngsters who are not eligible or available for child care who would be otherwise at the disposal of neighbors or wandering the streets.

Further examples. We have the problem, and I think it probably is unnecessary for me to remind you of this, however we do know from all the scientific studies that malnutrition, under-nutrition creates brain damage as well as psychological damage to youngsters. This is particularly damaging in the prenatal period as well as in early childhood. It can cause delayed growth and all the attendant problems.

One of our problems today is that the OEO program—it is not a problem if the OEO program exists—but the OEO program has been very instrumental in locating people with nutrition needs through its clinics. Iron deficiency, anemia, is the most prevalent disease in Michigan today. Those OEO clinics were referring people for emergency food supplies, for food stamps, and for food programs.

If the MCHR program, the OEO program in Detroit, goes, then we will lose a valuable resource in locating people with hunger problems and referring them for the proper services.

We have an additional problem and let me describe that for you fairly quickly in the sense of an example of the elderly. An elderly person in Oakland County—living in a section of Oakland County that is white—it is a family that consists of a husband 74 and the wife 67. They are both on social security. His allowance is \$153 per month and she gets \$47. His monthly welfare benefit is \$16 while she gets \$5. They receive food stamps but they must pay \$42 for \$64 in stamps.

The evaluation of their small home has gone up \$3,500 and they have been notified that they will have to pay property tax. They do not know what the amount will be. Water and sewers are on the way which will bring additional charges. They fear the loss of their home.

The husband has had a stroke leaving him paralyzed on the right side. He drags his foot and his right hand is completely useless. Nonetheless, he tries to keep up a small garden and she cans as much as possible.

Although they are eligible for medicare and medicaid, this does not cover necessary medications that are bought without prescriptions such as aspirin, soaps, Deep Heat and the elastic socks he must wear. They are financially unable to replace household articles that are fast wearing out with normal use such as linens.

The Oakland County OEO has been of great assistance to them. They were responsible for referring them to the food stamp program. The OEO program has made available homemaker service which will not be available if the social service regulations go through. They are psychologically better off in their own home.

The Citizens for Better Care in Detroit estimates that up to 8,000 elderly people could be in their own homes in this area if homemaker service were available.

Incidentally, the Oakland County poverty program has also provided this family with nutrition counseling so they have some modicum of health in the case of the severe poverty they are facing. Therefore, the combination of the new social service regulations plus the potential demise of OEO can create more severe damage for this elderly couple and at the same time it can create even more expense for Government if they do enter a nursing home.

This is what I refer to as the catch 22 situation in our current governmental operation. We are trying very hard to form coalitions in the Detroit area. We are trying very hard to help people understand the connections of one kind of problem with another. We should not be caught in the trap of the poor fighting the poor for the pittance that is likely to come through if revenue sharing ever passes. We certainly hope and encourage and we are petitioning Congress, Do not let the OEO program go down the drain. Do not let the Government bureaucracy establish rules and regulations that are in violation of congressional intentions such as the social service regulations.

We are in favor of maintaining the categorical programs because we believe that if the bureaucrats can't be trusted to handle the programs as, Mr. Weinberger says, but then turn around and issue the regulations, that it is time perhaps the Congress wrote the regulations

into the legislation rather than turning it back to the localities without strings attached.

We thank you very much for the opportunity to appear before you and in public to support the efforts of this subcommittee and in public to support the preservation of the OEO program of the categorical programs, recognizing that one program is infinitely important and interrelated with other programs that are so necessary for the survival of people in this Nation.

Thank you, gentlemen, for your kindness, your time and your courtesy.

Mr. HAWKINS. Thank you, Mrs. Mahaffey. I thought that everything really had been said but I think you brought out many new things that really are of great benefit to this question.

Do you have any questions, Mr. Clay?

Mr. CLAY. No.

Mr. HAWKINS. Thank you, Mrs. Mahaffey, for a very excellent statement.

Miss WILLIAMS. May I ask a question on the same subject, please?

Mr. HAWKINS. Yes. Identify yourself first.

Miss WILLIAMS. I am Margaret Williams. I am a senior citizen and I live in the Allen Towers. We are an integrated establishment that we have and I do community work. I have come in contact with quite a number of senior citizens who have a small social security that is supplemented with old age assistance but when they get maybe \$1 or \$2 increase in their social security they will get maybe \$5 or \$6 deducted from their old age assistance. Indirectly, they are being cut instead of getting an increase.

So this leads me to believe that the people, senior citizens—now the word “senior citizens” does not apply to all senior citizens because there are some senior citizens who are lucky enough to have an income. Some have retired from businesses and because of that they sit around and brag about what businesses they have and their income and this and that and the other and when get an increase in their social security that is an increase, but the fellow that really needs it is the one who is penalized.

Now how do you expect him to live? So many of them I have talked to personally and perhaps they would not even be considered to be helped at any other place because they will tell you. “Well, you are getting a certain amount of social security and you are supposed to if you get food stamps buy those food stamps.” The price of the food stamps has gone up and everything has gone up, but instead of them getting an increase the one who really needs it is getting the decrease. Now that is the question that bothers me.

Mr. HAWKINS. Well, it bothers certainly this committee. It is not within the jurisdiction of this committee; however, it is the social security provision which requires the deduction of all income and certainly it works to the disadvantage of the senior citizen as you well say.

Miss WILLIAMS. Yes; he is on the fixed income.

Mr. HAWKINS. We realize that and we certainly agree with you. However, as I say, that is not within the jurisdiction of this committee, it is a matter of the Social Security.

Miss WILLIAMS. Well, where would they go because we have had meetings and different things like that and nobody seems to know what to do or where to go.

Mr. HAWKINS. Well, people know what to do but it is a change of the law which needs to be done. That is what needs to be done, a change in the law.

Miss WILLIAMS. Now in a great many instances there are the majority who are not being cut. As a general rule when this fellow who is doing all right, he does not care to advertise and we have to be interested in the fellow who needs help.

Mr. HAWKINS. We are not disagreeing with you, we are just saying it is not within the jurisdiction of this committee or within the jurisdiction of this hearing.

Miss MILLIAMS. May I add—

Mr. HAWKINS. I am sorry.

Miss WILLIAMS. I want to add to it. I live in this particular building and anybody that lives in the middle neighborhood can go to the drug store and get free medicine. The people who have the large income are getting that free and some people that really need it are not getting it. Those are the ones I am fighting.

Mr. HAWKINS. The next witness is Mr. Richard Huegli, executive vice president of the United Community Services of Detroit.

May I say that anyone whose name does not appear on the agenda who would like to testify has an opportunity to submit a statement. We will receive those statements either today or tomorrow or we will keep the record open for a week.

Mr. Huegli, I am sorry to interrupt to make an announcement. We will get rid of a little housekeeping.

STATEMENT OF RICHARD F. HUEGLI, EXECUTIVE VICE PRESIDENT, UNITED COMMUNITY SERVICES OF DETROIT

Mr. HUEGLI. Thank you very much for the opportunity to appear. I will not read my statement even though it is brief. The orange statement I have is some background which we are not intending to read but I would like to have it entered into the record.

Mr. HAWKINS. Both statements, the orange statement and the white statement, will be in the record at this point.

Mr. HUEGLI. Thank you, sir.

[The statements follow:]

STATEMENT OF RICHARD F. HUEGLI, EXECUTIVE VICE PRESIDENT, UNITED COMMUNITY SERVICES OF METROPOLITAN DETROIT

United Community Services of Metropolitan Detroit is an overall health and welfare planning organization serving the tri-county area of Macomb, Oakland and Wayne Counties, including the City of Detroit. Affiliated with UCS are over 200 public and voluntary agencies of Metropolitan Detroit. Because UCS is not a direct provider of services, its concerns are more objectively directed at the needs of the people of this area, with particular emphasis on those who are poor, subject to discrimination and in other ways in greatest need of services.

At the last meeting of our Board of Directors on February 28, 1973, the Board reviewed a preliminary staff analysis detailing the Federal Budget Proposal and its impact in the metropolitan area. At that time the Board indicated its great concern, directed the planning staff and the Planning Committees to give priority attention to further analysis of the situation and development of alternative plans. The Board also directed staff to make its information available to key public officials. We consider this hearing another opportunity to do so and submit, as part of the hearing record, the preliminary analysis presented to our Board.

Rather than deal specifically with the impact that the elimination of the OEO program will have in the metropolitan area—there are such programs in Oakland, Macomb and Wayne Counties and Detroit—we will leave this to those who are better prepared to outline the specifics. UCS concern with the totality of needs and services at this time precludes it from becoming a special pleader for one.

We recognize that not all programs, including OEO, are effective and that those specific programs that are effective may be so in one community and not another. At this time our attention is focused on a crisis facing the entire area. Our concern is with the method of dismantling of OEO as well as many other social service programs without provision for objective evaluation, a transition period or replacement by better planned services.

A most serious impact is being felt in this metropolitan area resulting from the fact that many programs including OEO, are being terminated between now and June 30, 1973 (some may continue for a few months beyond) without the availability of special revenue sharing or other funds until July 1, 1974.

In addition to the termination of the Community Action Programs of OEO, other critical actions affecting the Detroit area include the phasing out of the Public Service Employment program in the face of continuing high unemployment in the city of Detroit; discontinuation and/or severe cutbacks of many training programs in the health, education and social service areas; suspension of the subsidized housing programs without an alternative replacement in a city in which over 10,500 homes are now owned by HUD; elimination of community development programs such as Open Space, Model City, Urban Renewal and rehabilitation loans without apparent plans for new funds until July, 1974; elimination of new starts in Community Mental Health Centers in a metropolitan area which only has three such centers in a population of 4½ million; elimination of a summer Neighborhood Youth Corps program which bolstered employment opportunities for disadvantaged youth in the entire tri-county area, 18,000 alone involved in the city of Detroit; promulgation of tentative Social Security Act Social Service Regulations aimed at reducing expenditures under the \$2.5 billion ceiling established by Congress to less than \$1.8 billion primarily by limiting the number of services to be provided and eliminating most *potential* welfare recipients (the working poor in many cases).

The sum total of the above appears to be a one-year hiatus while awaiting alternatives. Meanwhile, qualified personnel in the affected agencies already are seeking more secure employment elsewhere. Less qualified personnel and particularly paraprofessionals, of whom there are hundreds in the OEO program, are rapidly becoming demoralized. Those who have been receiving services or been eligible for such programs as housing no longer receive service. Those who seek to plan have no basis for planning.

Our inquiries around the country in Federal Regional Offices and, indeed, in the Washington offices of the Federal Departments, indicate that a lack of leadership and demoralization is to be found throughout. However soundly conceived the substitutes eventually may be, we respectfully submit that the termination and reduction of programs that have provided services to disadvantaged people, particularly in our major urban centers such as Detroit, is resulting in disillusionment and creating a vacuum that proper planning and an appropriate transition would avoid.

We suggest that it is important for Congress to look at the whole program rather than pieces and to establish priorities. In the interim, Congress should act to maintain programs until more objective evaluations can be carried out and/or until adequate funds with guidelines are made available so that sound priority decisions with respect to the threatened programs can be made locally.

PRELIMINARY ANALYSIS OF FEDERAL BUDGET PROPOSAL, IMPACT ON METROPOLITAN DETROIT AND STATE BUDGET RELATIONSHIP

I. THE FEDERAL BUDGET PROPOSAL: CONCEPTS & PROBLEMS

A. The Ceiling and Priorities

President Nixon states correctly that "rarely does the Congress concern itself with the budget totals or with the effect of its individual actions on those totals." He proposes again that Congress enact a ceiling on expenditures. This already is under consideration by some members of Congress.

It is true that to date only the President and the Executive Branch has had the opportunity to review the totality of the budget and to consider priorities. Congressional action usually is fragmented, piecemeal and subject to many pressures.

However, because of the inability of Congress to exercise appropriate control as viewed by the President, the latter has confronted Congress with a series of actions. These include termination of some programs, reductions of others mandated by the Congress and the impounding of funds. Discussion to date centers on whether or not the President has the right, without concurrence by Congress, to take these actions. At least two suits currently are in the Federal court challenging his right to impound funds and to discontinue mandated programs.

B. Human Resources vs Other Programs

While the cutbacks in the proposed FY '74 budget do not fall entirely within the area of human resources and particularly those services intended to aid the poor and minority groups located in the major cities, a significant portion do.

The present budget for '74 includes a higher percent of the budget for human resources, \$125.5 billion or 47% compared to \$81.1 billion or 30% for Defense. However, the \$125.5 billion includes \$55.5 billion for social security benefits. These are mandated expenditures and not part of general revenues available, at the option of Congress and the President, for a wide variety of uses ranging from farm subsidies, foreign aid, defense through human resource services.

C. Program Evaluation and Program Need

Not all of the Great Society or other human service programs have been successes. At the same time neither have they all been failures nor has there been a built-in process for evaluation. The question is whether or not the absence of evaluation and substitution of subjective impressions is a sufficient basis for the actions now underway.

In fact, three reasons are advanced for ending programs:

1. The program has not produced measurable benefits or has failed.
2. The program is a success and should be turned over to local responsibility, either State and/or City.
3. The need for which the program was designed has been met.

There is considerable disagreement locally and in Congress on the judgments connected with failures, on whether local responsibility can take over programs or whether in fact the needs have been met.

D. Termination, Reduction and Impounding

The steps taken by the Executive Branch in setting termination dates for programs prior to action of Congress, reducing the funding levels for others and impounding billions of dollars to keep the total budget below a FY '73 ceiling of 250 billion—a ceiling rejected by Congress—has precipitated a head-on crash between the Executive and Legislative Branches of government.

Some members of Congress maintain that it establishes the law of the land which the President is constrained to carry out. The President states that it is his responsibility to exercise overall concern for the economy and the totality of Federal effort. He recommends that Congress share this responsibility by:

1. Adopting a rigid spending ceiling.
2. Avoiding new "backdoor financing."
3. Elimination of annual authorizations.
4. Prompt enactment of appropriation bills before the beginning of the fiscal year.

It is true that unless Congress sets up a means whereby it can view the whole, establish an order of priorities and pass appropriation bills within that context, the current conflict is inevitable and probably needed.

The impounding of funds also raises constitutional questions. Even here the problem can be divided at least into two parts:

1. The legality of the President impounding and hence terminating an entire program already approved by Congress and deemed to be the law of the land.
2. The impounding of part of the appropriation on the grounds that those for whom it is intended are not prepared to expend that amount or that level of expenditure will contribute to inflation and have other detrimental side effects.

II. SPECIFIC PROPOSALS AND ACTIONS ON THE FEDERAL LEVEL

Termination of the Office of Economic Opportunity by June 30, 1973.
Elimination of the Hill-Burton program of grants for hospital construction.

Phasing out of the Public Service Employment program enacted by Congress in 1971.

Termination of the Regional Medical Program by June 30, 1973 (heart, stroke and cancer).

Discontinuation and/or severe cutbacks of a variety of training programs, in health, education and social service areas.

Temporary suspension as of January 5, 1973 of new subsidized housing commitments—includes low-rent public housing; rent supplement; home ownership assistance; rental housing assistance.

Termination of commitments for additional project approvals under seven community development programs: open space; water and sewer; public facility loans; model cities; urban renewal; neighborhood facilities; rehabilitation loans.

Phasing out, over eight year period, of Federal commitment for funding of Community Mental Health Centers and *no new starts*.

Elimination of Summer Neighborhood Youth Corps program and a "freeze" on remainder of the program (year-round).

HEW "Title IVA" Social Service regulations designed to reduce expenditures from the level of 2.5 billion ceiling to 1.8 billion.

Require Medicare recipients to pay additional amounts for hospital and medical services.

Eliminate dental care for adult "Medicaid" patients.

Promulgation of HUD directives more or less immobilizing Neighborhood Development programs where funding has been committed.

To replace the above four special revenue sharing proposals costing 6.9 billion are to be submitted (separate from General Revenue Sharing). The President already has authority to initiate one—namely, manpower—1.3 billion. The other three would be Education—2.5 billion; Law Enforcement and Criminal Justice—.8 billion; Urban Community Development—2.3 billion.

The big city mayors already cite the fact that they had been promised, when they supported General Revenue Sharing, that this money was supposed to be in addition to, not a substitute for, existing Federal funding. Nevertheless several programs in the Budget Message call on the States and cities to utilize *General* as well as Special Revenue Sharing funds to replace eliminated programs.

The big city mayors also fear that the cities will get less under the new system. For example, it is anticipated that new housing funds will probably go to the States for "pass through" or use through a State mechanism such as the State Housing Development Authority. In such a circumstance mayors fear that the cities will receive less housing assistance than they currently do directly through the Federal route.

In the confrontation that is underway, Congress may pass legislation previously vetoed by the President or legislation appropriating funds beyond the ceiling requested by the President. If he again vetoes, Congress must muster a two-third majority to override. If that is achieved, the President has made no secret of the fact that he will then impound the funds. The current result is an impasse which is restricting many human service programs around the country. A prolonged impasse will have a serious impact on programs.

III. IMPACT OF THE ADMINISTRATION'S ACTIONS

A. Federal and Regional Levels

The various federal departments presently are demoralized, in many instances leaderless, and uncertain of their future direction. HEW has experienced massive dismissals on the top four executive levels with regional offices complaining that they have no one to turn to in Washington for direction. Regional office Commissioners have had their powers limited with a freeze on all new starts, regardless of whether funds are available or not.

The OEO Washington office is being dismantled. Top staff have been dismissed without notice. Several programs are being transferred to other Federal offices—i.e., the Migrant Division to Department of Labor; health centers to HEW. The administration says the monies remaining in these programs go with them plus more. Officials connected with the programs are not so sure.

Regional HUD offices were restricted to negotiating out existing contracts and determining, with rather imprecise guidelines, what actually was in the "pipeline." HUD also has established a staff committee to review existing housing subsidy programs and recommend alternatives. The President has stated that alternatives will be developed within six months. However, the housing starts

"pipeline" will continue to empty while alternatives are being presented to and acted upon by Congress.

B. State Level

1. Housing

The State Housing Development Authority is attempting to ascertain exactly how many commitments for Section 236 rental subsidies it has in the "pipeline" in order to proceed with its housing development program. If no substitute subsidy programs are made available the Authority may become no more than a landlord for existing units and a collector on its loans. Community Development Revenue Sharing might provide needed funds.

2. Department of Social Services

Newly issued Title I, IV-A & B, X, XIV, & XVI (herewith referred to as "Title IV-A") social services regulations (30 days to respond) not only prohibit the use of donated funds but severely limit the target population to present welfare clients and restricts the mandated services to three, broadens somewhat the optional services and imposes cumbersome eligibility and administrative requirements. The entire purpose, explicitly stated, is to reduce the spending under the 2.5 billion ceiling to less than 1.8 billion. State officials have reviewed and are concerned about the anticipated impact of the proposed regulations on a wide array of services presently provided by the Department of Social Services utilizing State funds for the local match. Particularly affected are the "working poor."

3. The State Budget

Still to be analyzed by UCS staff—is predicated in part on the State receiving the level of 108 million in "Title IV-A" funds for social services. The Governor proposes a tax reduction of 370 million over a two-year period. A 140 million reduction is proposed in '73-'74. The anticipated surplus by June 30, 1973 is 175 million. This results from an expanding economy, *revenue sharing*, proceeds from the State lottery and close control of State expenditures. The elimination of many areas of federal funding may raise the question of the availability of State funds for urban and metropolitan programs and the advisability of a tax cut until the picture is clearer on the Federal level.

4. Department of Natural Resources

The 80% cutback in water and land conservation funds for acquisition and development of park land results in a reduction for Michigan for Fiscal '74 from Fiscal '73 of \$13,000,000 to \$1,800,000. There is a question as to whether the State was using the full \$13,000,000 F '73 entitlement.

C. Local Level

Public Sector City of Detroit

It is estimated by the Mayor that the city will lose 155.4 million in Federal support. This includes phasing out of the *Emergency Employment Act* assistance which permitted the hiring of 1514 people by the city and 700 by the Public School system.

However, it must be noted that the major withholding of city funds is occasioned by a freeze on water pollution control funds in the amount of \$123 million.

Although over 8 million is still available in FY 73 for Virginia Park, Forest Park and Jefferson-Chalmers *Neighborhood Development Programs*, the newly issued HUD directives virtually cancel out the plans for all three areas and make highly problematic whether or not even the 8 million could in fact be spent wisely.

Housing

A moratorium on new authorizations for *public housing units* prevents the city from applying for same. The City still has available to it authorizations for 640 leased housing units (can utilize FHA repossessions); an annual contributions contract through which it can acquire 200 new units (also from FHA inventory, if it wishes). 500 of 1800 remaining general housing unit reservations were withdrawn by HUD prior to moratorium because city plans were not developed.

Presently planned are 122 Senior Citizen units and 84 family; city's plans for public housing modernization are also affected—this includes Sojourner Truth around which there is a difference of opinion between Housing Commission and HUD; HUD will continue to demolish and rehabilitate FHA repossessions for resale. The latter assumes a continuing market without subsidy thus eliminating any possibility of occupancy by low-income families other than through the programs mentioned earlier.

The scale of replacing demolished housing and the lack of new subsidies for low income families will intensify the scarcity of low cost units in the city.

The elimination of *Neighborhood Youth Corps summer program*, although a program that had many problems, leaves Detroit with no replacement source for the thousands of inner-city youth who seek but cannot find jobs during the summer. (18,000 employed in 1972). Cold lunch programs are to continue but new regulations indicate that, here too, the restrictions may seriously inhibit the program. A major problem will be a requirement that lunches be offered only in school settings.

The *Model Neighborhood Agency* expects to have 16.5 million for a 17 month period, as compared with past annual funding of 20.5 million. No additional funds are requested in FY 74 budget.

MCHRD will end as of August 31, 1973, unless the city finds other funds or Congress passes Special Revenue Sharing and the *City elects to use part of it* for continuing *MCHRD's* community action activities. If *MCHRD* closes, at least 500 people will be looking for jobs plus 500 more from *MNA*.

Plans for a *new comprehensive mental health center* program in Southwest Detroit may be halted since no new starts are included in the budget. Further, the burden of continuing funding for the current *MNA Mental Health* program in the city will, in less than eight years, fall entirely on the city and/or the State.

Note: Mental Health Centers have been considered to be *successful* programs. They are being transferred to local responsibility on the philosophy that the Federal responsibility is to initiate and then transfer successful programs to local decision-making and funding.

Detroit General Hospital's plans for a new buildings, as well as other facility plans in the Medical Corridor, will be affected not only by the elimination of Hill-Burton funding but, more significantly by the curtailment of *Health Manpower* programs. Health Manpower programs provide to medical schools funds for the training of medical personnel and for capital construction. Detroit General would have received more capital dollars through its use as a teaching facility than through Hill-Burton funds.

A 7.0 million Wayne County *PRESCAD* and *Detroit Maternity and Infant Care* program of medical and dental treatment for 0-18 year olds faces a 1 million cut. Most of this amount is spent in Detroit. About 25,000 children have been examined and received treatment.

Educational grants, particularly for disadvantaged children, are being axed, to be replaced by 2.8 billion in education revenue sharing.

Note: The major problem of replacement of funds is not only the fear that the cities will get less under the new system of revenue sharing but **CURRENT PROJECTS ARE LOSING MOMENTUM UNDER THE TRANSITION**. Capable personnel are leaving for more secure positions; non-professionals are left to wonder about the future; morale is sinking lower and lower.

Wayne County

Housing starts, particularly under aegis of State Housing Development Authority low and moderate income subsidy programs, will slow down if not stop. Although the 235-236, Federal subsidy programs left much to be desired, correction of the abuses is deemed preferable to termination without alternatives.

CUFA, Communities United for Action, the recent replacement of an unsuccessful OEO program, concentrates on eight cities with significant poverty populations and has had insufficient time to demonstrate success or failure. It may end shortly together with NYC, used by several UCS supported summer programs as well as public agencies. Of a total of \$636,000—\$500,000 is Community Action and administrative money which would be lost.

In 1972 the first Out-Wayne County *Comprehensive Mental Health Center* was established in the Downriver area. The Wayne Division included in its workload selecting a second catchment area in 1973 for the initiation of planning. The elimination of new starts stops this planning before it starts unless State and local funding is available.

Wayne County Commissioners recently voted not to allocate County dollars for the continuation of federally supported programs that are dropped. This reflects a growing skepticism about the continuing flow of federal dollars and a pessimistic view of county ability to pick up on programs.

Macomb County

Officials are hesitant to apply for federal funds under any program for operational needs for fear that funds would be dropped in near future even though application might initially be approved.

Macomb Action Program, OEO, budget \$1,200,000 with \$900,000 from government, is mostly a community action program. Centers in Clinton Township, Roseville, Warren, Mt. Clemens, New Haven and Romeo are likely to close. Division staff state that in most of these communities the local Action offices are the only public bodies organizing services for the community, particularly the poor. Effectiveness of program can be questioned but does provide a voice for poor or county.

Housing subsidy freeze will further postpone production of low and moderate income housing in this county. State Housing Development Authority effort almost *non-existent* in County despite existence of several poverty pockets. May affect development of new moderate cost housing in areas of industrial growth such as Romeo, site of new Ford Tractor Plant.

Communities such as Centerline, Mt. Clemens and Clinton Township in Fiscal '74 are losing rehabilitation loans, funds for sanitary sewers and urban renewal—three of the seven cancelled HUD programs. Centerline alone has used \$230,000 in low interest loans and grants in a 10-block Code Enforcement area.

Oakland County

Major program threatened with extinction is Community Action aspect of OEO effort. Means dismantling of substantial outreach program, a program with special emphasis on senior citizens. Services to aging might be replaced by funding through Older Americans Act. \$845,000 in Community Action Program funding may terminate.

Loss of **Neighborhood Youth Corps** program, an effective program in this county, will have serious impact on summer program.

The absence of significant effort to construct *low-income housing* in the county currently makes the impact of the housing subsidy suspension minimal. However, the *City of Pontiac*, outside the UCS area, undoubtedly will feel the impact of several program terminations similar to, but on a smaller scale, than the city of Detroit.

Voluntary Sector

Although the impact of the proposed and current actions on the Federal level will have greater effect on the public sector in the state and tri-county area, several UCS supported agency programs will be affected.

Social Services—Social Security Act Amendment—"Title IV-A"

The new regulations which prohibit the use of donated (UCS) funds and the restrictions on services and eligibility, if upheld, will make uncertain the status of most of the present contracts and eliminate any of the proposals now in the pipeline—

a. The Senior Center and UAW Retirees Center contract for service with the Detroit Housing Commission is in jeopardy because of restrictions that eliminate the former regulation permitting service to *all* public housing tenants. The agencies are dubious about being able to make a distinction in providing services to only welfare client in a housing project.

b. The Senior Center began a project in February 1973 with monies through ACT 54 Board as matching for Federal. Amounting to \$48,969, this may terminate or continue with only State money since it is a high priority mental health program.

c. Big Brothers of Oakland has a \$63,853 contract to serve 532 boys. It is unclear whether new regulations will require ending the contract within the next month or two or extend through November 1973. In any event, it could not be renewed.

d. Church Social Services has a similar \$123,097 contract to serve 390 boys and girls. It is in the same predicament.

e. Homemaker Services has a \$268,200 contract retroactive to February 1. The DSS expects this contract to last at least for this year. The agency is hesitant to staff up with no more assurance than this.

Presently no homemaker services are provided by the homemaker agency to welfare recipients in the three counties because State has refused to pay full cost for these services except through the "Title IV-A" contract.

f. NARCO just completed a contract for services in several areas related to narcotics addiction. However, Information and Referral programs are no longer included in the new regulations. The contract for \$167,380 may terminate virtually before the program begins operation. At best, the program may go for a year, depending on the interpretation of the new regulations.

OEO Funds

a. Catholic Social Services of Oakland County has a \$13,000 grant for a Home Start Preventive Counseling program to 100 indigent families. Probably will end July 1973.

b. Similarly, Family and Children's Services of Oakland has a \$13,000 Home Start contract.

c. Catholic Social Services of Wayne County operates an \$800,000 Head Start program through MCHRD. These monies come to MCHRD from HEW. The agency feels it has a firm commitment through 1974.

d. Macomb Legal Aid Bureau expects a reduction in OEO funding but feels funds may flow to it from a different source.

Vocational Rehabilitation

President's programs includes lowering target of completed rehabilitations and reduction in total funds spent.

a. Jewish Vocational Service has \$240,000 contract with State DVR which may be reduced 10%. The agency also has been developing a project for aged for funding under "Title III" which will probably not be funded now.

b. League-Goodwill has a large contract with DVR. Cut may be as much as 16% (\$100,000) or half that. If maximum, staff reduction of 3-4 people and 192 persons not served annually.

D. Metropolitan

Aging

Continued emphasis is promised in meeting needs of aging, including half the 1974 proposed expenditure of \$196 million to be for nutrition programs. Medicare patients will pay at least double the amount now paid for hospitalization as a result of changes in cost-sharing designed to save 616 million in FY 74.

Transfer of Adult Categories to Social Security Administration, including Aging, eliminates eligibility for Food Stamp program. In Wayne County, one-third of OAA recipients (5000) use stamps.

The Governor proposes to add a cash equivalency in supplementation of Supplemental Income program, when the transfer takes place.

Welfare

WIN (Work Incentive) employment program continues with some expansion under Department of Labor. All employable AFDC recipients currently are required to register for work or training, and this will be continued. Emphasis in all manpower programs is first upon placement in existing jobs and secondarily on training. Under present WIN program in tri-county area the agency has been able to accept for training only a small proportion of the potentially "employable" recipients.

If "employability" or the definition of the suitability of various jobs is defined broadly it could result in mothers of young children and/or of several children being forced to accept any kind of employment or lose AFDC.

Day Care

More than 75% of FY 1974 844 million is for employment-related day care. Provision of day care by the state is mandatory only for WIN trainees. States have option of providing day care for other employment-related categories (working poor). Day care eliminated from mandatory services for AFDC clients under "Title IV-A." New emphasis is on tying to working parents rather than a service for children. Federal standards for day care are to be eliminated, this may result in no more than custodial rather than developmental care for children.

\$407.4 million for *Head Start*, transferred to HEW Office of Child Development, will keep programs at current level but will not permit implementation of Congressional mandate of 10% of Headstart enrollment to be handicapped children. Head Start research is yielding evidence of positive results.

Health

Elimination of *Hill-Burton hospital construction funds* looks at the country as a whole re over-supply of hospital beds. 30% of the 12,000 hospital beds in Metropolitan area are classified as non-conforming because they do not meet fire regulations or safety and environmental standards. Removal of the grants will push up hospital costs by forcing hospitals to obtain larger mortgages. Public hospitals will have to rely increasingly on loans secured by municipal bonds increasing local tax burden.

Nationwide the *Regional Medical Program* (heart, cancer and stroke) has had a mixed experience. In the Detroit area the focus has been primarily urban and projects will be terminated before they have demonstrated what they were intended to prove. UCS also is affected since it received a one-year Continuing Education grant in January, and has since been notified that the grant may end June 30, 1973.

The phasing out of federal support of *comprehensive mental health centers* over eight years and elimination of new starts means that the metropolitan area, lagging far behind other metropolitan areas in the country, will remain in that position. Presently there is one program in Oakland County, none in Macomb, one in Detroit and one recently funded in Wayne. Catchment areas can include no more than 200,000 population. A total of 600,000 of the metropolitan area's 5 million people are included in the service areas.

Health Manpower

Although *general manpower training grants* will be phased out over a three-year period, to be replaced by a new block approach to manpower training (permissive legislation already exists), there is a projected priority on the training of physicians, dentists and increased education access for minorities. However, Schools of Public Health will lose one-third of their Federal Grants (U of M).

Elimination of MDTA program, Youth Employment Projects and the Emergency Employment Assistance program will seriously affect some governmental health agencies (Detroit Health Department is one) who have made heavy commitments to fill existing vacancies from these sources.

Vocational Rehabilitation

An earlier commitment to include all handicapped people with employment potential in the service system by 1975 has been deferred. This seriously affects State plan and impact on two UCS supported agencies has been noted.

Grants to universities for research and training no longer will be made. WSU and Michigan State will be affected.

Miscellaneous Health

The Metropolitan area will benefit by increases for programs aimed at hunger and malnutrition drug abuse control, preventive programs and heart and cancer research.

Health Maintenance Organizations, several of which are in developmental stage in Detroit and the tri-county area, continue to be encouraged through grants, loan guarantees and operating assistance for planning and development.

As UCS has recommended, many current federal categorical health programs would be replaced by *block grants* to the States, earmarked for supplementary revenue sharing. The funds would be for a broad range of health programs, the State to decide the priorities. The budget allocates 2.3 billion for such block grants, about equal to the total now expended. Since operating costs have gone up, this may mean a reduction in services in the next fiscal year, unless savings are effected by eliminating overlapping administrative structures or less productive programs.

Recreation

The *Land and Water Conservation Fund*, prime tool for acquisition and development of land for park and recreation purposes, has been cut 81%, from \$299,980,000 to \$55,223,000. Grants were made on a 50% matching basis. Impact of the cutback will not be immediate since a considerable amount of obligated money is in the pipeline. However, future planning for land set aside is affected.

Although the Department of Interior estimates that 128.2 million is in the pipeline of unexpended funds, it appears that Huron-Clinton Metropolitan Authority's part plans, as well as State Department Natural Resources plans for the development of Maybury may be adversely affected. (Further information on this will be obtained.) Other projects funded through the State Recreation Bond money also may suffer.

Open Space and Neighborhood Facilities Programs of HUD (primarily for urban areas) are among the seven eliminated, to be replaced by a special revenue sharing bill. Future funding in this area apparently will depend upon local priority determinations.

IV. PRELIMINARY SUGGESTIONS FOR UCS ROLE

The information presented thus far outlines the uncertainty existing at all levels of government and in the voluntary sector with respect to the outcome of the President's thrust toward control of inflation; decentralization of priority setting and fund allocation to State and local levels; termination, reduction, or transfer of "Great Society" programs.

Specifically

Will the proposed Title IV regulations be changed to permit use of donated funds and also will eligibility requirements be made less restrictive?

Will the OEO, Model Neighborhood and Regional Medical Programs end as projected? Will they or some portion be picked up locally?

How long in fact will the moratorium on housing subsidies be? How much momentum will be lost?

What form and what guidelines will be included in the President's special revenue sharing proposals? Will the bills pass Congress?

What will Congress do to answer the President's challenge both to establish a ceiling and exercise priority judgments and about the present dropping of several mandated programs?

If special revenue sharing becomes law, will the amounts be less than now available through the 70 Federal grant programs to States and localities and will the provisions for "pass through" the State ensure availability of funds to cities such as Detroit?

What priority judgments will the State and Michigan cities, particularly Detroit, exercise in utilizing special revenue sharing funds?

UCS actions in this situation should be addressed to two areas—

1. Fact gathering and development of a UCS position and action on the presently proposed changes on the Federal level.

2. Commence, with other appropriate public and voluntary organizations, the necessary planning to relate to priority setting and the use of special revenue sharing on the State and local levels.

UCS at this time also should avoid becoming a special pleader for a particular program. UCS has the unique capability of overview, of looking at the whole. It should concentrate on this.

Mr. HUEGLI. United Community Services of Metropolitan Detroit is an overall health and welfare planning organization serving the tri-county area of Macomb, Oakland and Wayne Counties, including the City of Detroit. Our concerns are not so much with the individual programs but with the broad aspects as they affect the total spectrum of services in this metropolitan community.

It was my good fortune to be tied in with the original creation of OEO in Detroit and in Macomb and Wayne and Oakland Counties. We have some excellent programs here, they have developed well. Not all individual programs have been fully effective but all of them have been sincerely attempted in line with guidelines developed at the Federal and State level.

My major concern at this point is to ask you to direct your attention to the termination not only of the Community Action Programs, however, but other critical actions affecting the Detroit area. It seems to us that we ought to, as you have heard from many witnesses today,

address ourselves to the Public Service Employment Program in the face of continuing high unemployment in the city of Detroit; discontinuation and/or severe cutbacks of many training programs in the health, education and social service areas; suspension of the subsidized housing programs without an alternative replacement in a city in which over 10,500 homes are now owned by HUD; elimination of community development programs such as Open Space, Model City, Urban Renewal and rehabilitation loans without apparent plans for new funds until July 1974; elimination of new starts in Community Health Centers in a metropolitan area which has only three such centers in a population of 4½ million; elimination of a summer Neighborhood Youth Corps program which bolstered employment opportunities for disadvantaged youth in the entire tri-county area, 18,000 alone involved in the city of Detroit; promulgation of tentative Social Security Act Social Service Regulations aimed at reducing expenditures under the \$2.5 billion ceiling established by Congress to less than \$1.8 billion primarily by limiting the number of services to be provided and eliminating most potential welfare recipients—the working poor in many cases—which have been mentioned previously.

All of these programs, Mr. Chairman, have descended on our community over the past years. We have invited them, we have encouraged them, we have been happy to have them. We have fitted them into this community in terms of the services both public and voluntary in terms of the services needed by this community and we now would ask that Congress address itself very specifically to some orderly approach to the cutbacks which are being made.

We are concerned with the hiatus which has been created while awaiting alternatives. Qualified personnel are being lost in a wide variety of programs over and beyond OEO. Less qualified personnel but equally important paraprofessionals are becoming demoralized and those who have been receiving services or been eligible for such programs as housing no longer receive service. Those who seek to plan have no basis for planning. We in the planning field suggest and join with you in hoping that some method of planning can be developed so that communities like the metropolitan Detroit area can plan realistically in relation to the programs which are being reduced. We suggest it is important for Congress to look at the whole program rather than pieces—not to come into our communities today in terms of OEO, tomorrow in terms of MCHRD, the next day in terms of other programs which are being reduced but to join in an effort to look at the total and, it has been indicated, to establish some priorities in cooperation with local citizens.

In the interim we would ask Congress to maintain programs until more objective evaluations can be carried out and/or until adequate funds with guidelines are made available so that sound priority decisions with respect to the threatened programs can be made locally. We are well aware of the dilemma in which Congress finds itself. I assure you the dilemma at the local community as we have heard today is even more serious.

Thank you. [Applause.]

Mr. HAWKINS. Thank you very much.

Am I correct in assuming that the United Community Services of Detroit is an organization that operates entirely by voluntary contribution?

Mr. HUEGLI. We operate on voluntary funds, that is right. We are responsible also for allocating some \$22 million in the community and we find it very difficult to allocate funds in relation to the largess of the Federal sources and the pulling back of Federal forces. It is difficult to plan a list of social services in a community when you do not know what is going to be there the next day.

Mr. HAWKINS. I assume that the precipitous action of changing these programs, as I think you listened to the testimony today, makes the job of an organization such as yours a lot more difficult because you cannot anticipate many of the changes. This has not been something on which warnings have been given and which there has been any possibility of the orderly process of planning as you suggested which I think is so badly needed. Certainly Congress was caught unaware of the tremendous changes that have been brought about overnight and I think they should listen to the witnesses.

The thing that strikes all of us as so unusual is the abrupt termination without any orderly hearings, any planning by the committee. We are faced with these things and it makes it almost difficult to do anything about it.

Mr. HUEGLI. I think you will find in my written testimony we have been in touch with various phases of Washington and various departments and they, too, are quite uncertain as to where they are going.

Mr. HAWKINS. I think that Dr. LaVor has a question.

Mr. LAVOR. I just went through your orange sheet and there are some items listed that I am concerned about and I wonder how you even got this information. On page 12, for example, on the bottom of the page it says: "\$407.4 million for Headstart, transferred to HEW Office of Child Development, will keep programs at current level but will not permit implementation of congressional mandate of 10 percent of Headstart enrollment to be handicapped children."

Mr. HUEGLI. We have been in touch with Washington with HEW and have gotten this information.

Mr. LAVOR. Who in HEW will be issuing guidelines within the next couple of days. Have they told you that you cannot do that?

Mr. HUEGLI. Yes, Sir. This is what my staff has put together. I am not able to answer.

Mr. LAVOR. I will be here tomorrow.

Mr. HUEGLI. We will find it out for you.

Mr. LAVOR. There are several things in here—vocational rehabilitation, Headstart and other things which I think this committee also has jurisdiction over. I am sure that the committee is not aware of many of items which are mentioned.

Mr. HUEGLI. We have very carefully researched this because we felt it was important to get the total facts. This is the third or fourth revision. We have been doing it once a week. It is very difficult for local communities to keep together, to keep up to date, as it is for you gentlemen to keep up to date on some of the regulations. We are satisfied that we have up-to-date information.

Mr. HAWKINS. As of today.

Mr. HUEGLI. As of today. I am sorry.

Mr. HAWKINS. That is pretty up to date.

Thank you.

Mr. LA VOR. Thank you.

Mr. HAWKINS. Thank you again.

Mr. HUEGLI. Thank you.

Mr. HAWKINS. May I recognize Mr. Paul Bloyd, OEO Regional Office, Chicago.

I understand that you have some documents that you would like inserted in the record. If you would submit those documents to us at this time, I would be glad to accept them.

Mr. BLOYD. May I just simply identify them?

Mr. HAWKINS. Certainly you may identify them.

PAUL BLOYD, OEO REGIONAL OFFICE, CHICAGO

Mr. BLOYD. I appreciate this brief opportunity.

Since Mr. Phillips has hired over 100 consultants to keep tabs on his own people as well as the locals I feel obligated that I appear as a private citizen and my statements in no way represent the official policy of OEO. I am here at my own time and my own expense.

Incredible amounts of paper work have resulted in people not getting any information about their grant or about their program and documents here place an absolute restriction on OEO staff providing information, visiting the field to make information available or even to be decent in providing assistance for the very phase out that most of us resist.

Mr. HAWKINS. Confusion systematically.

Mr. BLOYD. Very systematic and it is I think in the order of the documents I am describing.

The second set of documents is the financial result that precedes the human material that we have heard about today. The one set describes the amount of money not counting the large cities and not counting the total phaseout but the amount of money simply as of right now in the past 30 to 45 days that has been lost to Region 5 grantees in the six Midwest states. Totals for Illinois are almost a million dollars; Indiana, \$467,000; Michigan, \$184,000; Minnesota, \$595,000; Ohio, \$1,894,000; and Wisconsin \$422,000 for a total thus far even prior to formal phaseout of a loss to this region alone of \$4,700,000 in reductions during the past 30 to 45 days.

The other thing we have heard about is the effort to bring things back to the local community. The information in this next chart that I have, while the rhetoric is to return things of the local community, Mr. Phillips as you may have heard from the other material has ordered that all of the authority for signing grants and for dealing with grants has become centralized to Washington. The result of that is that whereas last year in our region there were 102 grants signed in February of 1972, this year the full month during Mr. Phillips' tenure of February, zero grants were signed.

Here again you get the beginnings of the heartache that we have all heard about. No grants have been signed. It is as simple as that. Those of us here in the agency hear the public statements about how various things will be honored though when we see this and we are a party to something to prepare it that it is certainly far from the truth.

The other documents which I had hoped to quote from but I will not at this time, I have sworn affidavits that grantees in this region from every state have prepared in connection with the court case that

our union is a party to along with Community Action Agencies. Incidentally, the court case is being heard today and tomorrow in Chicago. We hope that the decision will be favorable enough to return the whole thing to the arenas of Congress where we are confident and prepared to settle for additional changes that Congress would make. These affidavits I think amplify what we have heard all day in talking in very specific terms about the loss of planning, the loss of staff, the build-up over a period of years and the administrative organizations throughout the region that simply cannot be rebuilt overnight and the hundreds of thousands of poor people that will be affected by those losses.

The real paradox between that material and the next is that at the same time all the cuts and all the reductions and all the freezes in employment, both Federal and local, have been going on Mr. Phillips has been hiring dozens of people during his tenure who are not career civil servants whose jobs are terribly vague and who are earning on an average of close to \$100 a day for doing things that are totally unfamiliar with the general operation of the agency. We have been able to receive from sources through the agency the most recent list as of March 6 indicating on 13 pages 112 temporary appointments that Mr. Phillips has made.

Mr. HAWKINS. Have you identified them and named them?

Mr. BLOYD. Yes, they are named—the entry, the date they came on duty, the time for which they are expected to work and the rate of pay, most of which is \$100 a day.

Mr. HAWKINS. Do you know anything about their qualifications to earn those fees?

Mr. BLOYD. No, we don't. We have made efforts. We understand that Congressman Chisholm had made efforts to find out about the background of these people. We know that three in our office are making no visible contribution, not even to phaseout, no less program assistance in the agency.

Mr. HAWKINS. What office? The Chicago office?

Mr. BLOYD. The Chicago regional office. We have three of the 112.

Mr. HAWKINS. Included in that list?

Mr. BLOYD. Two of the three are, I am not sure about the third one.

Mr. HAWKINS. You say they are making no contribution at all of any kind?

Mr. BLOYD. To the regular operations of the agency to our knowledge.

Mr. HAWKINS. What are they doing?

Mr. BLOYD. I frankly cannot tell you. I see them sitting behind closed doors in the administrative floors of the agency and beyond that it is a total mystery what they are doing.

I would like to point out that the related document that goes with that shows the chronology of when these men and women were hired. One date alone apparently, February 12, was a big day for Howie Phillips since there were 22 of these 112 came on board on one day, less than two weeks after he talked about a freeze on employment of Federal employees and sent out the memoranda about limitation of funding to the agencies. It seems throughout this is a pretty rank hypocrisy as well as a massive waste of Federal funds.

We computed over the period of time between now and June 30 these people will earn a minimum of a million dollars—a million dol-

lars which is not going to Community Action Agencies and is not going to any other known meaningful Federal program for which the money should be going.

Mr. HAWKINS. Will you submit that list to Mr. Phillips? I assure you we will demand to know what they are doing.

Mr. BLOYD. Be very happy to.

Just very briefly in terms of generalizing what the gentlemen from the migrant programs have pointed out, we have a summary here indicating that of \$50 million appropriated for emergency food the agency intends to spend only \$24 million of it and that that has a great deal to do with the shortage of money that was mentioned by the people in the migrant programs as well as in the cities where emergency food programs have been so important. Even the Red Cross contract which was supposed to have been for \$2.95 million to find social security recipients in need of food stamp help, of that \$1,371,000 is expected to be left over and unspent. Now that is beyond the \$26 million which they had not been planning to spend even before the letting of that contract. So \$30 million is being kept from programs that serve poor and hungry people in the most direct fashion of any OEO program we have seen, emergency food and Federal program.

Finally, I would just like to identify the two documents that have had some publicity but may not have been familiar to this area or to the committee members here. One is the 20 page congressional strategy and the other is the program auditors, both of which represent, we think, the calculatedness and the cynicism by which all of this is being perpetuated.

I just would like to quote very briefly from the strategy. These are the instructions by Mr. Phillips' staff assumedly with some hint of Director support from him which states that: "The Department for Legal Services has little fight left in OEO congressional supporters. Program transfers and shutdowns should be prompt before the opposition musters strength to put Humpty Dumpty together again. Speed delegation and reduction in force actions. Develop adverse reaction to the inevitable counterdemonstrations."

These are his tactics.

Mr. HAWKINS. I think we have those. That is historic.

Mr. BLOYD. You have that. Fine.

Mr. HAWKINS. I think it deserves to be put in the second time.

Mr. BLOYD. The instruction to program auditors has phrases that refer to the instructions to these auditors. We assume some of these are the 112 that have been hired to seek internal problems and external problems, including power struggles, improper use of grant moneys and failure to adhere to OEO's rules.

"In assessing the grantees' impact on the community, find the reaction of the local police." This may be the source of some of the rumors we have heard that a number of these 112 may well be former FBI-CIA types who will be familiar with talking to police about problems.

The summary of that briefly, particularly in terms of the Legal Service program, which is most recent, all of us in the 10 regional offices last Friday received notices that as of April 28 we are likely not to have a job. Now that is the newest item of that. What may not be known is that for many of those programs the experienced career professional people are in the regions that Mr. Phillips and others

before him have been somewhat successful in replacing a number of the headquarters people with their own temporary employees.

So when the regional offices go out of business on October 28 there is a large possibility that the people who pick up the responsibilities for those programs in headquarters will not be career people, will not be professionally committed to the program but will be Mr. Phillips' cronies, perhaps some of these 112.

Then we will have people in charge of programs who are known to be hostile to them all the way from Mr. Phillips down. Particularly in Legal Services the statement has been made that since the program originated out of headquarters that it won't really make any difference if they are no longer regional staff. The fact of the matter is that there are only three or four people in Legal Services headquarters who have any long tenure or any known empathy for the program.

Again those folks are in the regional offices, only a few of whom will be given the opportunity to transfer to headquarters. The likelihood then is of hostile political appointees in headquarters who will attempt to frustrate the Legal Services grantees who will try to continue to perform in the face of that.

Finally, then, in addition to eliminating CAPs, the jurisdiction of the programs will be removed from experienced field people, almost all of whom are career Civil Service. The jurisdiction will be placed in the hands of recently appointed young Americans who have intense ideological hostility for the very programs they will be responsible for. This will besit the obscene situation being administered by an appointee who is publicly opposed to the continuation of that agency and who is on public record as questioning its loyalty to American values. Our union and our coalition with Community Action Programs submits that such an appointment is a disgrace unprecedented in American government.

Mr. Phillips' actions have led to a new level of cynicism and hopelessness by millions of persons, Federal, and local, who during the past eight years saw the possibility of progress in eliminating poverty under the official sanction of their government. We hope that assuming the court case is an effective remedy that we can then assist you as to find a successful place for bills that we understand are presently being considered by some of your members.

I would be happy to answer any questions.

Mr. HAWKINS. I think you have answered quite a few already, Mr. Bloyd. We have certainly benefited from your testimony and these documents and can assure you that we will take some immediate action on several of them because I think that is what is really needed.

Thank you.

[Applause.]

[The documents follow:]

OFFICE OF THE DIRECTOR

Experts:

Arnett, Alvin J., EOD February 18, 1973, Service Comp. July 19, 1966, \$100 paid, NTE June 30, 1973.

Rosenberger, Eric, EOD February 16, 1973, \$75 paid, NTE June 30, 1973.

Bundy, Louise L., EOD February 19, 1973, \$100 paid, NTE June 30, 1973.

General Schedule :

Johansen, Elizabeth, secretary, EOD February 16, 1973, GS 8/1—\$9,520, 30 day emergency, NTE March 21, 1973.

Krapisz, John David, staff assistant, EOD February 5, 1973, GS 9—\$11,614.

Messick, Yvonne, secretary, EOD February 2, 1973, GS 6—\$8,572, 30 day emergency, NTE March 22, 1973.

Breckons, Roy Edward, staff aide, EOD February 20, 1973, GS 7/1—\$9,520, 30 day emergency, NTE March 21, 1973.

Hanrahan, Joanne, staff assistant, EOD February 6, 1973, GS 11/1—\$13,996, 30 day emergency, NTE.

Russell, Patricia, secretary, EOD February 11, 1973, Service Comp. October 3, 1969, 30 day emergency, NTE March 10, 1973.

Morken, Keith, clerk-typist, EOD February 23, 1973, GS 3/5—\$6,944, temporary, NTE June 30, 1973.

OFFICE OF ADMINISTRATION**Experts :**

McCarty, J. Laurence, EOD February 5, 1973, \$100 paid, NTE February 4, 1974.

Wolf, Thomas P., EOD February 20, 1973, \$100 paid, NTE June 30, 1973.

General Schedule :

Hedgeman, Loretta, clerk/administrative aide, EOD February 27, 1973, GS 4/1—\$6,882, 30 day emergency, NTE March 26, 1973.

Shorter, Betty, clerk-steno, EOD February 27, 1973, GS 5/5—\$8,722, 30 day emergency, NTE March 26, 1973.

Young, Arthiola, clerk-typist, EOD February 12, 1973, GS 4/10—\$6,943, temporary, NTE May 11, 1973.

OFFICE OF CONGRESSIONAL AND PUBLIC AFFAIRS**Experts :**

Jordan, Eleanor, EOD February 12, 1973, \$75 paid, NTE June 30, 1973.

Leonard, Frank, EOD February 23, 1973, \$100 paid, NTE June 30, 1973.

Parker, James A., EOD February 15, 1973, \$100 paid, NTE June 30, 1973.

Climmer, Jerome F., EOD February 12, 1973, \$100 paid, NTE June 30, 1973.

Devany, Phillip, EOD February 12, 1973, \$100 paid, NTE June 30, 1973.

Kettmer, Harry A., EOD February 12, 1973, \$75 paid, NTE June 30, 1973.

Locke Barry M., EOD February 22, 1973, \$100 paid, NTE June 30, 1973.

General Schedule : Reynolds, Stephen J., Legislative research specialist, EOD February 12, 1973, GS 12/1—\$16,682, 30 day emergency, NTE March 11, 1973.

OFFICE OF THE CONTROLLER**Experts :**

Wilford Edward B. III, EOD February 26, 1973, \$100 paid, NTE June 30, 1973.

Gilhooly, John J., EOD December 4, 1972, \$80 paid, NTE December 3, 1973.

OFFICE OF GENERAL COUNSEL

General schedule : Evans Donald D., general attorney, EOD February 12, 1973, GS 9—\$11,614, temporary schedule A, NTE June 30, 1973.

Meyer John C., law clerk, EOD February 5, 1973, GS 9—\$11,614, temporary schedule A, NTE June 30, 1973.

Straw Lawrence, Attorney advisor, EOD February 5, 1973, GS 15—\$26,898, temporary schedule A, NTE June 30, 1973.

Poole Alfred J. III, staff assistant, EOD February 12, 1973 GS 11—\$13,996, 30 days emergency, NTE March 14, 1973.

OFFICE OF HEALTH AFFAIRS

Experts : Carmody, Robert F., EOD February 28, 1973, \$100 paid, NTE June 30, 1973.

Consultant : Gracey, John S., EOD February 7, 1973, \$100 paid, temporary intermittent, NTE June 30, 1973.

General schedule:

Parker, Anthony W., special assistant, EOD February 5, 1973, GS 11—\$13,906, 30 day emergency, NTE.

Updegraff, Gail E., Medical Economist, EOD January 2, 1973, GS 13—\$19,700, career conditional.

OFFICE OF HUMAN RIGHTS

Expert: DeEsquivel, Rosemary G., EOD February 21, 1973, \$75 paid, EC 301.¹ NTE June 30, 1973.

OFFICE OF LEGAL SERVICES

Expert: Carrocio, Anthony T., EOD February 5, 1973, \$70 paid, NTE June 30, 1973.

General schedule: Spark, Eli M., Supervisor, General Attorney, EOD February 6, 1973, GS 15—\$26,898, 30 day emergency, NTE.

Experts	Consultants	GS
OFFICE OF LEGAL SERVICES		
Parker, Robert R.; EOD February 12, 1973; \$100 per diem; NTE June 30, 1973.	-----	
OFFICE OF OPERATIONS		
Abate, Joseph F.; EOD February 26, 1973; \$65 per diem; NTE June 30, 1973.	-----	Bradford, Nancy—Administrative, officer; EOD February 12, 1973; GS-9, \$11,614; 30-day emergency; NTE April 11, 1973.
Aguirre, Humberto; EOD February 12, 1973; \$100 per diem, NTE June 30, 1973; Dallas.	-----	Carroll, Robert—Program assistant; EOD February 9, 1973; GS-5, \$7,694; temp. 700 hr; NTE June 9, 1973.
Choslowsky, Val S.; EOD February 12, 1973; \$100 per diem; NTE June 30, 1973.	-----	Coburn, Maurice—General attorney; EOD February 13, 1973; GS-15/7 \$32,280; temp. sched. A; NTE June 30, 1973; Chicago.
Davenport, Earl; EOD February 27, 1973; \$100 per diem; NTE June 30, 1973; Seattle.	-----	Cowley, Linda J.—Program assistant; EOD February 12, 1973; GS-5, \$7,694; 700 hr. temp.; NTE June 12, 1973.
Giampietro, Anthony Z.; EOD February 1, 1973; \$65 per diem; NTE June 30, 1973; Philadelphia.	-----	
Helm, Herbert; EOD February 12, 1973; \$100 per diem; NTE June 30, 1973; Syracuse.	-----	
Higgins, Barbara E.; EOD March 1, 1973; \$65 per diem; NTE June 30, 1973.	-----	
James, Byron; EOD February 12, 1973; \$100 per diem; NTE June 30, 1973; San Francisco.	-----	
Jones, David; EOD February 8, 1973; \$100 per diem; NTE June 30, 1973.	-----	
Kitchin, Louis L.; EOD February 12, 1973; \$100 per diem; NTE June 30, 1973; Atlanta.	-----	
Koldin, Leonard; EOD Feb. 7, 1973; \$100 per diem; NTE June 30, 1973.	-----	Norton, Kathryn M.—Program assistant; EOD Feb. 26, 1973; GS-7, \$9,520; temp. 700 hrs; NTE June 26, 1973.
Morley, Martin J.; EOD Mar. 5, 1973; \$90 per diem; NTE June 30, 1973.	-----	Romeo, Judith Ann—Program spec. EOD Feb. 9, 1973; GS-11, \$13,996; 30-day emergency; NTE Apr. 8, 1973.
Ouillan, John P.; EOD Feb. 26, 1973; \$85 per diem; NTE June 30, 1973; Chicago.	-----	Marshall, Carol Bates—Program assistant; EOD Feb. 16, 1973; GS-5, \$7,694; CO-day emergency; NTE Mar. 15, 1973.
Savage, John P.; EOD Feb. 12, 1973; \$100 per diem; NTE June 30, 1973.	-----	
Ladeira, Ernest; EOD Feb. 12, 1973; \$100 per diem; NTE June 30, 1973.	-----	
McGrath, Phyllis A.; EOD Feb. 8, 1973; \$85 per diem; NTE June 30, 1973; Denver.	-----	
McLean, Ralph E.; EOD Feb. 12, 1973; \$100 per diem; NTE June 30, 1973; Seattle.	-----	Stone, Roger Jr., Staff assistant; EOD Feb. 1, 1973; GS-9, \$11,614; 30-day emergency; NTE.
Tarone, Michael C.; EOD Feb. 16, 1973; \$65 per diem; NTE June 30, 1973.	-----	Wagner, Christina Maria—Program spec.; EOD Feb. 9, 1973; GS-11, \$13,996; 30-day emergency; NTE Apr. 8, 1973.
Thompson, John R; EOD Feb. 21, 1973; \$100 per diem; NTE June 30, 1973.	-----	Wallach, Elizabeth P.—Program assistant; EOD Feb. 13, 1973; GS-5, \$7,694; 700 hr temp.; NTE June 13, 1973.

¹ 301 series does not include equal opportunity specialists. EEO specialists are in the 100 series.

Experts	Consultants	GS
Ward, Clell G.; EOD Feb. 22, 1973; \$85 per diem; NTE June 30, 1973; Greenville.		Brown, Beverly Ann—Program assistant; EOD Feb. 20, 1973; GS-7, \$9,520; 30-day emergency; NTE Mar. 19, 1973.
Wein, Louis P.; EOD Feb. 12, 1973; \$100 per diem; NTE June 30, 1973.		Hurst, Stephen B.—Spec. assistant.; EOD Feb. 13, 1973; GS-11, \$13,996; 30-day emergency; NTE Apr. 12, 1973.
		Thompson, Michael W.—Associate director; for spec. program; EOD Feb. 13, 1973; serv. comp. June 14, 1971; 30-day emergency; NTE Apr. 12, 1973.
		Dennison, Jennie—Clerk; EOD Feb. 21, 1973; GS-3, \$6,128; temp. 700 hr; NTE June 16, 1973.
		O'Neill, Hugh—Staff assistant; EOD Feb. 9; 1973; GS-12, \$16,682; 30-day emergency, NTE Apr. 8, 1973.
	Sanchez, Rodolfo B.; EOD Feb. 11, 1973; \$80 per diem; NTE June 30, 1973.	Brooks, Janice—Staff assistant; EOD Feb. 6, 1973; serv. comp. Feb. 1, 1971; GS-6, \$8,572; 30-day emergency; NTE Apr. 2, 1973.
		Vallis, Noel Maureen—Research assistant; EOD Mar. 6, 1973; GS-7, \$9,520; temp. 700 hr; NTE June 30, 1973.

OFFICE OF PROGRAM REVIEW

Carr, Robert Lee; EOD Feb. 14, 1973; \$90 per diem; NTE June 30, 1973.	Happe, Donald L.; EOD Feb. 15, 1973; \$100 per diem; NTE June 30, 1973.	Blackwell, Helen J.—Program assistant; EOD Feb. 6, 1973; GS-7, \$9,520; "temp. NTE (usually 3 mo., 6 mo., or 1 yr)"; NTE June 30, 1973.
Dolan, Anthony R.; EOD Feb. 19, 1973; \$70 per diem; NTE June 30, 1973.		Coyne, Connaught—Staff assistant; EOD Feb. 21, 1973; GS-9, \$11,614; 30-day emergency; NTE.
Gibbons, Thomas H.; EOD Feb. 5, 1973; \$100 per diem; NTE June 30, 1973.		Jacobson, Jonnell—Staff assistant; EOD Feb. 9, 1973; GS-9, \$11,614; 30-day emergency; NTE Apr. 9, 1973.
Joy, Daniel; EOD Feb. 1, 1973; \$100 per diem; NTE June 30, 1973.		Nutter, Ann Elizabeth—Clerk; EOD Feb. 27, 1973; GS-4, \$6,882; "temp. NTE (usually 3 mo., 6 mo., or 1 yr)."
Love, Mary Jeannette; EOD Feb. 14, 1973; \$55 per diem; NTE June 30, 1973.		Olson, William J.—Staff assistant; EOD Feb. 6, 1973; GS-9, \$11,914; 30-day emergency; NTE.
George, Mary Evelyn; EOD Mar. 1, 1973; \$85 per diem; NTE June 30, 1973.		Uzzell, Lawrence A.—Administrative assistant; EOD Feb. 12, 1973; GS-7, \$9,320 temp. 700 hr; NTE June 14, 1973.
		Walsh, Kate Maria—Secretary; EOD Feb. 13, 1973; GS-7, \$9,520; 30-day emergency; NTE Mar. 31, 1973.
		Holland, J. Keen—Program assistant; EOD Feb. 19, 1973; GS-5, \$7,694; temp. 700 hr; NTE June 30, 1973.
		Marshall, Robert G.—Program spec.; EOD Feb. 6, 1973; GS-11, \$13,996; sched. A grad. student; NTE June 30, 1973.

ADDITIONAL NEW HIRES NOT LISTED ON RESOURCE DOCUMENT

Name/title	Office	Appointment	EOD date
Ashe, Mary E., personnel assistant	Admin./personnel	G-4 \$6,882	Jan. 10, 1973.
Serna, Theresa	Public affairs	GS-3 \$6,128	Jan. 18, 1973.
Stamp, Ezellis M.	Admin./personnel	GS-4 \$6,882	Jan. 10, 1973.
Barry, Reagan, attorney	?	GS-15 \$26,898	Feb. 22, 1973.
Jones, Robert	?	\$100 paid	Feb. 8, 1973.
Clarey, Donald A.	Admin.	?	Feb. 27, 1973.
Zahn, Donald M.	Operations	?	Jan. 23, 1973.
Francazi, Rene	General counsel	Expert \$90 paid	Feb. 28, 1973.
Quinn, John	?	\$85 paid	Mar. 1, 1973.
Recapero, Josephine, staff assistant	?	GS-9 \$11,614	Feb. 9, 1973.
Fizer, Mary E.	Operations	\$65 paid	Mar. 1, 1973.
Higgins, Barbara	?	do	Do.
Etherton, Trudy S., program specialist	Oper./State and local government.	GS-15 \$26,898	Feb. 9, 1973.
Jamison, Cheryl D., clerk	?	GS-4 \$6,882	Mar. 5, 1973.
Saari, Patrick A.	Admin./personnel	GS-2 \$5,432	Do.
Rollis, Robert T.	Controller	Expert \$100 paid	Mar. 1, 1973.
Elliott, Tom	?	?	?
Stone, Robert	Legal services	?	?
Chamberlin, Hope	Public Affairs	?	?
Sargent, William K.	do	?	?
Webb, William	do	?	?

GRANTS MANAGEMENT

Pursuant to the Director's Memorandum of this date, Approval of Obligation of Funds to OEO Grantees, the following procedures will be followed with respect to all grant packages forwarded to the Director for his action:

1. The grant package shall be submitted in two parts:
 - (1) A highlight package, including OEO Form 314, CAP Form 29, OEO Form 301, CAP Form 10, Narrative Highlight, and such other papers as may be appropriate in each instance.
 - (2) The full grant work package.
 2. Each grant package shall contain all audit, evaluation, and Inspection reports dated within eighteen months prior to the date of submission of the grant package to the Office of the Director, together with a statement, signed by both the OEO Project Manager and his supervisor, indicating in detail what actions were (were not) taken with respect to each recommendation or problem area contained in such reports and the reasons for such actions (inactions). No grant package will be accepted by the Office of the Director without such a statement contained therein.
 3. Grant packages should be submitted no less than thirty (30) working days prior to the date of the expiration of present funding.
 4. Grant packages should be submitted to the Acting Director, Office of Program Review, for the Director's action.
 5. No grant packages for refunding will be accepted by the Office of the Director, if the recommended average monthly level of funding exceeds the current average monthly level of funding for such grantee/action.
- These procedures are effective this date and shall continue in effect until further amended.

CONGRESSIONAL STRATEGY ON OEO

SUMMARY

Attached is an extended OEO technical staff discussion of Congress and OEO. After acknowledging that OEO is but a part of an overall strategy, the paper deals with four aspects of the problem:

I. The case

A. In face of fiscal pressure, Community Action should not continue because of:

1. No demonstrated casual relationship to persons leaving poverty;
2. Agitation and unrest;
3. Misuse of funds; and,
4. Exacerbation, not resolution of racial problems.

The Administration should not underestimate Community Action's strength with local leaders developed over the last four years, and it must stress that it gave notice that vital control would pass to local option. Instead, we can project dramatic reductions in poverty from an income strategy of economic growth, reduced unemployment, and increased Social Security benefits.

B. Transfer of other OEO activities is consistent with:

1. Government simplification;
2. Congressional pressure to eliminate duplication;
3. Intent that OEO run programs only until Line Agencies changed attitudes; and,
4. Duplication is evidence of change in Aging, attitudes.

C. Potential soft spots are:

1. Reintroduction of Legal Services Corporation may be heralded as cynical move to seek deadlock and destruction of the program.
2. Scattering of R&D contrary to President's August 19, 1969, message.

II. Strategy

A. A constitutional confrontation may be where the Administration is most vulnerable. Opposition can claim clear law and intent for OEO to continue, and President's Budget and appropriations are mere devices for allocating funds.

B. Debate should be steered to the Appropriation Committees, whose interests most closely align with the President's and, unlike their legislative committee counterparts, have few members with strong feelings for OEO.

C. *Fait Accompli*.—Except for Legal Services, there is little fight left in OEO's Congressional supporters, but they might coalesce around a "save OEO" issue, either to show the President as "weak on poverty/hunger" or else in response to grass-roots lobbying by CAA's. Thus, unless a focus on OEO is politically desirable, program transfers and shutdowns should be prompt, before

the opposition musters strength (or will) to put humpty-dumpty together again. This would also strengthen the case for the Legal Services Corporation which would otherwise be orphaned.

III. Tactics

- A. Speed delegation and RIF actions.
- B. Delay Labor/HEW bill to force ultimate OEO decision into Continuing Resolution framework.
- C. Prepare points of order to block OEO continuance under a Continuing Resolution.
- D. Isolate OEO/GSA under a separate Continuing Resolution.
- E. Play on penchant of each liberal to protect only the EOA program which interests him.
- F. Steer the Corporation toward the Judiciary Committees.
- G. Line up active support from districts of key members.
- H. Develop adverse reaction to the inevitable counter-demonstrations.

IV. Key people

Attachments 1 and 2 are lists of those who require immediate contact and several others with history of interest in OEO. The first group should be briefed promptly, key Republican spokesmen even before the budget goes up. Three of the Ranking members will likely line up with the Administration—Representatives Qule and Michael and Senator Cotton. Senator Dominick, although not Ranking, may be a likely spokesman with the Senate Labor and Public Welfare Committees. Senior Democrats on the primary committees should also receive courtesy notification immediately afterward.

Next, Chairmen and Ranking members of committees receiving transferred functions should be contacted, notably the Montoya and Steed Appropriation Subcommittees which deal with GSA. Similarly, an advance should be made to Irvn and Holifield's Government Operations Committees.

Finally, in summary, the issue might hinge on whether the Southern Democrats will be more moved by their fiscal conservatism and dislike for the laws at issue, or by their jealousy for Congressional power and opposition to the other party's President.

ANALYSIS

Congressional strategy on OEO must proceed from Administration congressional strategy on its entire program, budget, and other fiscal proposals. This memo, however, deals only with the OEO problem. Its four parts are:

1. The case to be made to Congress
2. General Strategy
3. Tactics
4. Who should be involved

THE CASE

The case must recognize the distinction between termination of Community Action and the scatteration of residual OEO activities.

Lack of Community Action Results.—The general case for termination of Community Action has already been announced: the Congress has enacted laws and appropriations that cannot be met by the existing tax structures. Before reviewing the latter, programs which have not, and will not produce desirable results should be eliminated. In general, Community Action has been so measured and found wanting.

The argument would stress, instead, a picture of agitation, destructive unrest, diversion of Federal funds to support partisan political activity, administrative waste, criminal misuse of funds, and a program structure which exacerbated rather than resolved racial problems.

Just as the Administration understands (or should understand) the hyperbole of its criticisms; it should not underestimate the strength of support acquired with local leaders over the last four years. The Administration must expect strong endorsements and case histories from Governors/Mayors/business leaders marshalled by the opposition, which will "prove" the worth and effectiveness of Community Action in this or that community. In rebuttal, the Administration must stress the years of notice and careful preparation of the CAA's for this decision, which shifts their vital decisions from the Federal Government to States and local communities. Agencies which have impressed their neighbors will likely survive, but at local option on locally-controlled revenue.

The Administration should feature its record of total Federal funding for the poor which, even with the demise of Community Action in FY 1974, con-

tinues its significant rise since coming into office in 1969. Furthermore, it can project real results by a dramatically reduced poverty population, owing to its income strategy of economic growth, reduced unemployment, and increased Social Security benefits. Such a measurable impact on poverty is in marked contrast to previous remedial programs whose effects have been discredited. Furthermore, Community Action itself is not a complete wipe-out, because of the potential offset of General and Special Revenue Sharing.

Continuing Activities.—The OEO decision is more than the termination of Community Action. It is not to be argued as doctrinaire or vengeful. By and large OEO programs, other than core Community Action activities, are continued by the new budget, and in many cases with significantly increased funding. Transferring them to other agencies is consistent with:

1. The President's desire to simplify Government.
2. Long-expressed, bi-partisan congressional pressure to eliminate "duplication" between OEO and Departmental activities.
3. The intent of the Economic Opportunity Act that OEO initiate and operate programs only until suitable environments can be created to sustain them in the old-line departments.

4. The growth of duplicating programs in the line departments is conclusive evidence of the latter's developing interest and capability to serve the poor.

There are at least two potential soft spots in the Administration's case. The first concerns the credibility of re-introducing a request for a Legal Services Corporation.

Rightly or wrongly, there was considerable belief at both ends of the spectrum that the Administration was no longer interested in any form of corporation whose accountability was (in the long run) questionable, even under the format originally proposed by the President. Liberals believed they had surrendered to the President the control he wanted in all but name only, and would even have thrown the latter in if it were found necessary to save the corporation. Conservatives came to doubt that a corporation would improve control over the actions of Legal Service lawyers, once direct Federal oversight was removed. Re-introduction of a corporation now would need to rebut charges that it was a cynical move to seek another deadlock and destroy Legal Services when the present OEO slips into oblivion.

The other problem involves the decision not to maintain a residual OEO, contrary to the mission statement in President Nixon's message of August 1969. The latter stressed restoring the original, praiseworthy intent of the Economic Opportunity Act that operating programs be a temporary expedient for OEO, whose more important purpose was as "the cutting edge" of research and development into the social problems of our society that have special importance to the poor. The Administration and its congressional supporters have advertised its success in emphasizing and refocusing on the R&D role. It is true that the now-expanded OEO developmental activities, will continue in several other departmental budgets, but much has been made of the competence of the staff recruited by OEO, the strength gained by inter-disciplinary and inter-program assignment, and the relative freedom from doctrine and client pressures found in the line departments.

STRATEGY

There appear to be three basic elements to a successful congressional strategy:

- (1) Avoid confrontation between the constitutional powers of the President and the Congress.

- (2) Argue the issues through the appropriation process. Avoid formal involvement of the committees with legislative jurisdiction: Education and Labor in the House and Labor and Public Welfare in the Senate.

- (3) Present the Congress with a fait accompli before critics of the Administration can organize effective countermoves.

Institutional Confrontation.—The opposition can claim that there is clear law and intent that there be an OEO and a Community Action program. The President's budget and the congressional appropriations are only meant to be devices for determining how much money may be allocated to them in a given year. Failure to provide funds and continue programs established by law may be viewed as usurpation of a constitutional prerogative of the Congress. If the lines come to be so drawn, even many who have no particular affection for OEO might oppose the President.

The Appropriation and Legislative Committees.—In power terms, the interests of the appropriation committees most closely coincide with the President's in this instance. That is, it is not a large leap from their traditional desire to deter-

mine how much of the spend-thrift legislative committees' fund authorizations to endorse, to asserting a right to decide to breathe any life into them at all. The existence of an acknowledged fiscal crisis provides the same opportunity to them to dispose, as it does the President to propose. Furthermore, unlike their legislative counterparts, the respective appropriation subcommittees have few if any members with strongly-felt associations with either OEO or Community Action. However, there may be an important distinction between withholding funds from newly-enacted legislation, and terminating funding for on-going programs whose extension was legislated and signed into law only a few months earlier.

Fait Accompli.—At this point, there probably is not much fight left in congressional supporters of OEO and Community Action. (Legal Services is probably another matter.) That does not mean that the liberals may not subsequently decide to coalesce around the "save OEO" issue, prompted either by a decision to concentrate on the President as "weak-on-poverty/hunger," or else in response to successful grass-roots organization by the Community Action Agencies. Thus, unless the Administration decides that such a confrontation would be a desirable trap for ensnaring the opposition, everything would point to completing the disagreeable business as soon as possible. That probably means prompt transfer of all surviving programs to new agencies, and then completing arrangements for the GSA receivership by the end of this fiscal year. Under such a timetable it is unlikely that the opposition could muster enough strength (or will) to put humpty-dumpty together again. A swift and successful dismemberment of the rest of OEO would also strengthen the Administration's hand in pressing for its Legal Services Corporation. Disappearance of its present home would reinforce the Hobson's choice between the President's corporation and oblivion. The more delay, the more opportunity for Congressional opposition to gather and develop a legislative counter-strategy. Unless there is stronger-than-expected grass-roots opposition, (or the Administration blunders), it is quite possible that the OEO/CAA actions could go through with little more than rhetorical opposition, while the Congress concentrates its fire on Local Services.

TACTICS

To support the strategy described above, several tactical maneuvers suggest themselves:

- (1) Speed the delegations, the FY 1973 RIF of some Community Action personnel, and the administrative arrangements with GSA.
- (2) Delay the formal appropriation process for the Labor-HEW bill (which would normally include OEO) long enough to force the ultimate decision into the Continuing Resolution framework late in June.
- (3) Review House and Senate rules for points of order to block any attempts to continue OEO and Community Action under a Continuing Resolution.
- (4) Isolate GSA/OEO in a separate Continuing Resolution.
- (5) Play on the liberals' penchant for each to protect only the pieces of the EOA that interest him.
- (6) Steer the Legal Services Corporation toward the Judiciary committees.
- (7) Line up (as possible) mayors and governors, etc. from the homes of key leadership and EOA-involved Congressmen to volunteer early support for the Administration.
- (8) Develop adverse public and congressional reaction to the scattered, angry demonstrations that are virtually inevitable when these decisions are announced.

Much of the above is self-explanatory and requires little discussion. To the extent that Congress moves ahead promptly with a Labor-HEW appropriation that would continue OEO in FY 1974, the Administration might be hard put to justify its dismemberment. It is true that the President could veto such a bill, but the presence of the other agencies' appropriations might overshadow the OEO issue—to the degree where he might not wish to veto an otherwise acceptable bill, or where Congress might (for extraneous reasons) be able to override. If the arena were shifted to the Continuing Resolution(s), the Administration might win out by a simple parliamentary maneuver requiring only a few (or even one) cooperating Congressman or Senator.

Steering the Legal Services Corporation into the Judiciary Committees has the obvious advantage of providing a more conservative reception, one likely to be more sympathetic to the Administration's point of view. It should be easier to bring it off this time because (1) the Administration wants it, and (2) there is no EOA legislation pending to which it can be attached.

Possibly the least predictable variable is the back-home reaction, which will probably focus on the demise of Community Action. It is hard to call because of uncertainty about the response to the effort to "turn Community Action around." Ironically, to the extent Administration policy has been successful over the last

four years, its present purposes may be thwarted by the vigorous support mayors, governors, and the local pillars of society may give to the rescue of the Community Action Agencies on whose boards they have been serving. After all, to them Community Action money may be better than no money at all.

KEY PEOPLE

Here the watchword should be to avoid slighting anybody unnecessarily. The Representatives and Senators who respond significantly to the Administration's OEO initiatives will range from a small group with a deep-felt commitment to the agency; to a considerably larger group with a political alignment with the agency, but little real personal feeling about it; to a small, but influential group whose jurisdictional turf will become involved; and finally to a hopefully sizeable number who will be inclined to endorse its dismemberment. Failure to recognize the interest or prerogatives of any of the members will tend only to augment the size and vehemence of the opposition.

Attached are two lists. The first identifies key Representatives and Senators who would expect first-hand, immediate contact from the Administration on significant matters affecting OEO. It briefly discusses the nature of each member's interest and his attitude toward the agency and its programs. Consideration should be given to offering a courtesy briefing to this first group as promptly as possible, particularly the Chairmen and Ranking members of both the legislative and appropriation subcommittees with jurisdiction over OEO. (The second list contains names of other members with some history of interest in OEO.) It might even be well to notify key Republican spokesmen in the Congress before the budget goes up. Given an that three of the ranking members would happily line up with the Administration—Representatives Quile and Michel and Senator Cotton. It is not yet clear who will be ranking minority member of the Senate Employment, Manpower, and Poverty Subcommittee. In the last session the minority ranking was Senators Taft, Javits, Schweiker, Dominick, and Beall. Of these, it is not until Senator Dominick is reached that there is reasonably certain support for the Administration's action.

Soon after opening discussion with the OEO committee members, full discussions should be initiated with the other committees. These would include all with jurisdiction over agencies which will inherit OEO programs scheduled for transfer. Not to be missed are Senator Montoya's and Representative Steed's Appropriations Subcommittees on Treasury, Postal Service, and General Government, which will be crucial to an orderly phase-out of Community Action because of their jurisdiction over the GSA appropriation. Similarly, although Government Reorganization Act legislative authority will not be invoked, Senator Ervin and Representative Hollifield's Government Operations' jurisdictions should be acknowledged. The former, with his strong constitutional preoccupation and prestige, will be particularly important. Senator Ribicoff is chairman and Senator Javits ranking member on the Subcommittee on Executive Reorganization and Government Research which could provide them with a hostile platform. It might be wise to offer a courtesy consultation with all chairmen and ranking members whose jurisdictions might be involved, even those who might be inclined to line up against the President.

If the ultimate weapon of the President is to be his veto power, he should be able to achieve his purposes because of the present congressional attitude toward OEO. The main danger could develop if the issue shifts to a question of whether the President may pick and choose which laws passed by the Congress and signed by him will be implemented, and which will not. Key to such an issue may well be the Southern Democrats. On the one hand they have an historic fiscal conservatism and a dislike for the laws at issue, and on the other a jealousy of congressional powers and opposition to the other party's President. The coming battle of the budget may ultimately come down to whether the President can prevail on the first of the Southern Democrats' predilections, or the liberals on the second.

OEO EMERGENCY FOOD AND MEDICAL SERVICES PROGRAM (EFMS) RECAP

1. In FY-72 only \$3.5 million was allotted to EFMS for Indian & Migrant Programs.

2. \$20 million supplemental was appropriated for FY-72 and made available until 9-30-72.

\$30 million was appropriated for FY 1973.

3. FY 1973 OMB MARK—\$30 million.

The \$20 million supplemental has been spent for the following:

\$13 million for programs for elderly, unemployed, nursing mothers, and infants

\$2.95 million for Project FIND (delegated to Red Cross)

\$1 million for OHA/R & D programs

and was applied to the OMB FY 1973 mark of \$30 million. Director used his full discretionary authority and reduced \$30 million by 20% to \$24 million. This left only \$4 million to be spent against FY 1973 funds. The \$4 million is supposed to be spent on projects for Indians and Migrants.

In summary, OEO will spend only \$24 million of \$50 million appropriated.

PROJECT FIND

When the FY 72 supplemental was allocated last summer the Office of Health Affairs/EFMS was told \$4.4 million was to be given to the Red Cross for Project FIND. In figuring how much of the \$20 million supplemental was available to the Regions, OHA started by subtracting the \$4.4 million and dividing the rest among the regions, R & D, Indians & Migrants. The signed contract figure was \$2,946,355. The Red Cross recently estimated its costs through Feb. 28, 1973 at \$1,500,000 and asked OEO for approval to continue until April 30, 1973. The estimated cost of extension is set somewhere between \$50,000 to \$75,000.

TRAIL OF BROKEN TREATIES

The Government gave some money to help the Indian people who occupied BIA to leave Washington, D.C. \$68,650 of EFMS money was used for this purpose. The OEO Indian Branch finally received back the money on March 13th.

MIGRANT FUNDS WITHHELD

Migrant EFMS grantees are closing down or cutting back because almost \$2 million in appropriated FY 73 funds have not been released.

The grantees have been told since last fall their grants are "in process." The N.C. Migrant & Seasonal Farm Workers project in Raleigh, N.C. had to close down and cancel all contracts Feb. 15th. Because this project services, all states in the eastern stream the harmful effects will be widespread.

The CAMP EFMS budget has been taxed beyond projected levels due to an epidemic of typhoid fever in the area. (Fla.)

EFMS DOLLARS AVAILABLE

There is a lot more EFMS money around than Howie Phillips says. His press release said only \$350,000 is available.

But I add the amount of money left over from Project FIND and appropriated by Congress and impounded by OEO.

You will see that almost \$30 million is being kept from programs that serve poor and hungry people.

OEO IS CAUTIOUS ON SPENDING EFMS APPROPRIATION

The Office of Economic Opportunity (OEO) could spend up to \$15 million more on emergency food and medical services (EFMS) programs during the current fiscal year, but don't hold your breath waiting for the money.

The extra \$15 million is contained in \$30 million added by Congress to the Nixon Administration's fiscal 1973 budget request for OEO. In passing an appropriation bill for the agency, Congress explained that the extra \$30 million was to be used for two purposes: providing Puerto Rico with the same amount of dollar benefits from the Economic Opportunity Act as it would have if it were a state, and providing additional money for EFMS nutrition programs.

Richard Redinius, OEO budget officer, told CNI Weekly Report that approximately \$15 to \$25 million of extra money would be needed to give Puerto Rico comparability with states on a population basis. (The Commonwealth had been receiving less than one-third of this amount under earlier legislation.) That leaves no less than \$5 million available for EFMS spending.

ADMINISTRATION RELUCTANT

However, the Nixon Administration has been reluctant to spend any money whatsoever for EFMS programs in recent years, and there is no sign that Administration officials have changed their minds. The current OEO authorizing legislation contains a spending guideline of \$30 million for EFMS programs, but the Administration has proposed spending only \$4 million.

In testimony before Congressional appropriations committees last fall, OEO

Director Phillip V. Sanchez explained that the agency intended to use authorized discretionary powers to reduce the Congressionally-recommended EFMS budget by 20 percent from \$30 million to \$24 million. Of the latter sum, Sanchez said, some \$20 million had already been spent as a result of special Congressional action last spring (see CNI Vol. II:9). Congress approved a special \$20 million EFMS appropriation for fiscal 1972, but OEO did not receive the money until after July 1, 1972 and takes the position that it represents fiscal 1973 spending.

Of the \$4 million remaining, \$3.5 million—the amount of the Administration's budget request—is destined for Indian and migrant EFMS programs. That leaves \$500,000 in fiscal 1973 money for new EFMS efforts.

As for the extra \$5-plus millions, Sanchez has strongly hinted that none of it will be spent. In answer to a Congressional query, he reported that OEO had already allocated its funds on a full-year basis and, barring a major natural or manmade disaster, would need no additional funds.

Would-be EFMS grantees can try again next year, however. The \$30 million Congressional guideline will be in effect for fiscal 1974, and 80 percent of \$30 million will still be \$24 million.

AFFIDAVIT

I, James H. Cossingham, Jr., the undersigned, do solemnly affirm that:

1. I reside at 857 N. Washington Avenue, Battle Creek, Michigan;
2. I am the Executive Director of the Calhoun Community Action Agency, located in Federal Building #13, Battle Creek, Michigan;
3. Newspapers, radio, and television have all outlined the fact that the Office of Economic Opportunity will be terminated as of July 1, 1973. I have also had the opportunity to review the budget message of President Richard Nixon which also outlines that funding for OEO and Community Action Agencies will be terminated as of July 1, 1973. I have read Volume 119 No. 21 from the Congressional Record, the statement by Senator Jacob Javits concerning the future of Federal government antipoverty programs which also outlines the discontinuation of funding for Community Action Agencies and OEO after July 1, 1973. This agency has also received official notification of the processes and procedures to be used in the phasing out of CAAs. This information was received from the Chicago Regional OEO office (see attached cover sheet).
4. This agency began its program year on November 1, 1972. During the week of February 12-16, 1973, we received our first check for our Conduct and Administration, Neighborhood Services, and Legal Services programs. The delay in grant actions has placed an additional burden on components within the agency who have had to borrow funding from other sources in order to continue their activities. In addition, the delay has created a great deal of extra work for an already overburdened financial component.

The uncertainty about future operations has perhaps had the greatest effect not only upon the Board and staff of the agency, but upon the total community as well. This agency presently has over \$400,000 pending in grant requests from sources other than OEO. The question about the future of Community Action Agencies has lead to the withholding of funds until such time as our status is clarified. The Board of Directors of this agency and staff are reluctant to continue with multi-year planning which was in process when the announcement came that Community Action Agency funding would be discontinued. Many social agencies and other units of government have been reluctant to continue future planning with us on various problem areas within the community because of our uncertain position. Key employees are already examining other job opportunities and will probably leave soon if present dismantling processes continue. Since it has taken between two and four years to train key employees for their critical job positions, it will be extremely difficult to replace them with the same caliber of personnel.

The Board of Directors is considering the gradual curtailment of activities within the next few months. Perhaps the first to be phased out will be the Community Action outreach centers, which provide most of the direct services to community residents. Last year, the Neighborhood Services component provided 8,491 units of service to clientele who requested our services. (See attached Program Progress Review.) These units of service did not include referrals to other agencies, which incidentally, comprises the bulk of the activity area this agency is involved in. In addition to the loss of these services, eight individuals presently employed by this agency (most of whom are paraprofessionals) will lose their jobs and will probably not be able to secure other employment. It is very likely that these persons will return to the welfare rolls. These persons will include: the Action Center Director, who is a paraprofessional and former welfare recip-

lent; the Manpower Specialist, former welfare recipient; one financial clerk, former welfare recipient; two community aides, paraprofessionals; a youth specialist and Spanish-American Specialist, both of whom are paraprofessionals. It is doubtful that these persons will find other work, since no other agency in the community has program components that can utilize their skills. It is important to note that these services and the above-mentioned persons may be unemployed as of April 30, 1973. This agency has not received its official closeout notice at this moment; however, funding instructions for year 1973 have stated that agencies can expect to receive a maximum of six months funding during fiscal year 1973. Since our program year started on November 1, and since our funding was delayed, it is anticipated that our six months funding date of April 30 could possibly be the date on which this agency could be closed down.

This agency presently sponsors 17 programs, many of which are funded through sources other than OEO. With the phase out of the agency, the administration of these programs would be disrupted, and it is possible that some programs would have to be discontinued or channeled to other sponsors who have no expertise or experience in administering these programs. In the long run, some of these additional programs could be lost to the community because other agencies could not manage them effectively.

I have read the above statement of three pages. It is true.

JAMES H. COSSINGHAM, Jr.

ss: State of Michigan, County of Calhoun.

Sworn to and subscribed before me this 26th day of February, 1973.

DOROTHY J. ERSKINE, Notary.

My Commission expires August 15, 1975; Kalamazoo County, Acting in Calhoun County.

AFFIDAVIT

As Executive Director of CWEOC, Inc., 2417 Main Street, Stevens Point, Wisconsin (the C.A.A. serving Portage, Waushara and Marquette counties in the state of Wisconsin), I, Albert L. Abraham, solemnly affirm that the following information is accurate. I recently (February 7, 1973) received information and instructions from national O.E.O. offices concerning the loss of Section 221 funding. Section 221 provides the financial support for Community Action Agencies, support that is to be terminated on June 30, 1973. I believe that this action is a violation of the E.O.A. as it was amended by the authority of Congress in 1967 and 1972 to extend funds for C.A.A.'s through June 30, 1975. Further, I feel that the abolishment of O.E.O. and the impounding of this organization's funds is an injustice that will have serious impact on the poor people in our area.

In the past year our agency has provided services for 6,383 low-income people. Our agency employed 96 people of whom 70 were low-income and we have found employment for 62 low-income youth. This agency was recently instrumental in establishing the Portage County Housing Authority, which was set up to help alleviate the housing problems people in rural areas are now facing. All of the above services mentioned and many more aimed at helping the elderly, the youth, the farmers and the low-income people will be severely curtailed or completely abolished if the present federal administration's policies are carried out.

Presently, funding inconsistencies and delays in grant action have caused undue hardships within our agency. Employee morale is low, and planning and operations have been curtailed because of the uncertainties inherent in this present crisis. Additional hardships have been suffered by the low-income people of the community we serve.

Our three-county area is basically a rural area, and because there is little industry here employment opportunities are limited, to say the least. If our CAP agency is abolished, 11 people will be immediately put out of work and the chances of these people finding employment in this area are extremely remote. Unemployment compensation and eventually a return to the welfare rolls is the bleak outlook facing our employees, and the people we serve will likewise be deprived of the services so vital to their well-being.

I have read the above statement of 1 page. It is true.

ALBERT J. ABRAHAM.

ss: State of Wisconsin, County of Portage.

Sworn to and subscribed before me this 20th day of February, 1973.

REGINA B. HILJER,
County Clerk, Notary.

[Other Affidavits are in Subcommittee file.]

**FUNDING CUTS COMMUNITY ACTION AGENCIES ARE RECEIVING IN OEO REGION V (CHICAGO OFFICE) BECAUSE OF
ILLEGAL PLAN TO TERMINATE COMMUNITY ACTION (SEC. 221) FUNDING¹**

[List including major cities]

Grantee No. and name	Fiscal year 1973 funding level—		Net change
	Before policy change (annual funding)	After policy change (only 6 mo. funding)	
ILLINOIS			
50282: Tricounty.....	\$84,000	\$42,000	\$-42,000
50173: Kaskaskia.....	116,000	58,000	-58,000
50184: Kane.....	144,000	74,000	-70,000
50271: Northwestern.....	70,000	32,000	-38,000
50285: Joliet-Will County.....	170,000	87,500	-82,500
51519: Project Now.....	82,000	41,000	-41,000
50057: Cook County.....	779,000	401,500	-377,500
50273: Vermilion County.....	97,000	50,000	-47,000
50063: Champaign Urban League.....	38,000	20,000	-18,000
50220: Decatur-Macon.....	157,000	81,000	-76,000
50187: Kankakeeland.....	219,000	113,000	-106,000
Total, Illinois.....			-956,000
INDIANA			
50338: Lake County.....	713,000	418,838	-294,162
50358: Indianapolis.....	572,000	286,000	-286,000
50315: Floyd.....	61,100	31,500	-29,600
50352: LOW.....	78,600	40,500	-38,100
Total Indiana.....			-647,862
MICHIGAN			
50458: Capitol Area.....	281,700	145,100	-136,600
50491: Jackson-Hillsdale.....	95,000	47,500	-47,500
Total, Michigan.....			-184,100
MINNESOTA			
50733: Ramsey County.....	685,000	349,500	-335,000
50690: Goodhue-Rice.....	91,000	47,000	-44,000
50718: Little Crow.....	50,000	25,000	-25,000
50747: Inter county.....	119,000	61,500	-57,500
50749: Arrowhead.....	169,000	87,000	-82,000
50765: Dodge-Steele Waseca.....	53,000	27,100	-25,900
50768: Meeker-Wright.....	53,000	27,000	-26,000
Total, Minnesota.....			-595,400
OHIO			
50819: Cleveland.....	1,906,000	953,000	-953,000
50779: Ashtabula.....	110,000	56,500	-53,500
50776: Auglaise-Mercer.....	142,000	73,000	-69,000
50907: HHWP.....	96,000	47,500	-48,500
51036: WSOS.....	125,000	64,500	-60,500
51044: Champaign-Logan-Shelby.....	175,000	90,000	-85,000
50779: Belmont County.....	166,000	87,000	-79,000
50789: Adams-Brown.....	150,400	77,500	-72,900
50805: Clark County.....	90,000	45,000	-45,000
50841: Lancaster-Fairfield.....	73,000	37,000	-36,000
50927: Ironton-Laurence.....	125,000	62,000	-63,000
50995: Muskingum.....	151,400	78,000	-73,400
50998: Piekaway.....	93,100	48,000	-45,100
51079: Harcatus.....	152,400	78,500	-73,900
51086: Washington-Morgan.....	182,000	91,500	-90,500
50997: GMN.....	116,400	70,000	-46,400
Total, Ohio.....			-1,894,700
WISCONSIN			
51115: Washington Island.....	16,600	8,500	-8,100
51131: West Central Wisconsin.....	251,000	130,000	-121,000
51137: Southwestern Wisconsin.....	82,000	41,000	-41,000
51200: Rock County.....	107,000	54,750	-52,250
51223: Central Wisconsin.....	89,000	45,500	-43,500
51229: North Central.....	134,000	69,000	-65,000
51231: Racine County.....	188,500	97,000	-91,500
Total, Wisconsin.....			-422,350
Total cut, all States.....			
Total cut, all States.....			-4,700,412

¹ Compiled from regional office records as of Mar. 2, 1973.

[From the Wall Street Journal, Feb. 23, 1973]

A SPECIAL WEEKLY REPORT FROM THE WALL STREET JOURNAL'S CAPITAL BUREAU

Nixonites speed dismantling of spending programs to foil congressional rescuers.

Acting OEO Chief Phillips moves quickly to liquidate doomed antipoverty operations. He is firing underlings almost daily, starting to lop the payroll from 1,500 to below 1,000. Critics figure Phillips simply aims to outrun his congressional foes.

New Commerce Secretary Dent begins phasing out the Economic Development Administration even as Congress considers a one-year extension. Layoffs may start next month to slash the work force 30% by midyear. West Virginia Sen. Randolph remonstrates. Disbanding of water-desalting, earthquake-warning, hurricane-seeding activities begins; some outright firings loom.

HUD personnel are due to drop by 2,000. But the ax hasn't fallen yet. There is hardly any top official at the department to wield it.

OFFICE OF ECONOMIC OPPORTUNITY,
Chicago, Ill., March 16, 1973.

DEAR MATTHEW T. MORGENTHAU: In accordance with the President's decision, enunciated in his Budget for Fiscal Year 1974, that the continued existence of OEO as a separate Federal Agency is no longer necessary and the memorandum to all OEO employees dated March 13, 1973 from Howard Phillips, Acting Director, OEO, called for the discontinuation of OEO's ten Regional Offices effective April 28, 1973, most positions in the Chicago Regional Office of the Office of Economic Opportunity will be abolished.

A residual OEO force in the locale now serviced by the Chicago Region will be created and detailed to GSA with no break in service to protect the public interest with respect to such matters as grantee records, property disposal, and audits (Mr. Phillips' Memorandum of March 12, 1973, referred to above). Assignments to the positions being retained for this purpose will be made under the reduction in force regulations to ensure the protection of all employee equities and rights.

We are unable to determine at this time which employees will receive offers of positions in the residual organization. The final determination on the staffing for the residual organization will be made not later than April 21, 1973, and you will be so notified. Copies of the organization chart, mission and function statements and manning table for the residual force will be furnish you as soon as possible.

I assure you that any action taken will be in accordance with your rights. The specific notice of the action to be taken will tell you about your assignment offer, if any, your appeal rights, and how to exercise them. For your information, you should not appeal to the Civil Service Commission until you are notified of the specific action.

This advance notice expires April 28, 1973. If this notice is not amended or supplemented by a later notice on or before April 28, 1973, this notice will have expired.

HECTOR SANTA-ANNA,
Acting Regional Director.

MEMORANDUM FOR ALL OEO EMPLOYEES

From: Howard Phillips.

President Nixon's fiscal year 1974 budget message set forth plans for major reform of Federal anti-poverty activities:

Research and demonstration activities are being reassigned so that they may be more fully integrated in the decision-making process.

Nationally operated service activities will be administratively correlated with other programs of similar objective.

Individuals at the local level will have an enhanced opportunity to shape the course of their own lives, as resources and authority are returned to elected officials who can be credited for their successes and held accountable for their mistakes by the voters from whom they derive political authority.

Furthermore, in order to protect the public interest with respect to grantee records, property disposal, audits, and the like as OEO's linkages with community action agencies are discontinued, certain persons now employed in the regions will be detailed to GSA with no break in services, for continuing assignments in the same locales. The composition of this residual force will be determined within specified required functions by retention registers to be established.

In accordance with Civil Service Commission regulations. These persons will become employees of GSA effective July 1. The same holds true for outstationed OEO auditors and inspectors.

Anticipating the closedown of our regional offices on April 28, our legal services office will confirm its plan that all regional grants coming due before July 1, be processed and transmitted to headquarters for final action no later than March 30. Career legal services employees who are now in the regions will be offered the opportunity to continue working in Washington after April 28 for the period ending June 30, when OEO's stewardship of the legal services program will cease.

This decision will in no way affect the continued funding of legal services programs, since, in all cases, authority for funding lies with the legal services office in Washington.

Specific legislation will be sought to assure the continuation of two activities, legal aid for the indigent and community economic development. Responsibility for other programs is being reassigned within the context of present statutory authority.

While Federal support for all activities currently administered by OEO, except community action, will be continued at an equivalent or higher level of expenditure in fiscal year 1974, it is anticipated that, after June 30, no further funds will be directly available to OEO for obligation.

In preparation for this, I am hereby announcing that OEO's ten regional offices are to make ready now for their discontinuation effective April 28, 1973. Within the next five days, OEO regional directors will formally notify their employees of this decision and inform them of the reduction in force involving regional personnel which will be completed on April 28, 1973.

Although only thirty days notice is normally provided in reductions in force, OEO regional employees are being afforded a longer time period. This is intended to assure a more than adequate opportunity for completion of those fiscal year 1973 grants processing functions which are now a regional responsibility, as well as to allow employees extra time in which to seek new positions.

However, with these considerations addressed, it would be wasteful of public funds to needlessly prolong the maintenance of an elaborate regional bureaucracy.

The national agreement between OEO and AFGE will be observed and the task force on regional staff placement which I have created will work with displaced employees in seeking out job opportunities in state and local government, the private sector, and other Federal agencies. We are counting on the union to assist in this outplacement effort.

I am convinced that the reforms which are being instituted will be of enduring significance in maximizing the effectiveness of Federal efforts to alleviate poverty.

Your cooperation in carrying out these decisions is expected and will be appreciated.

OFFICE OF ECONOMIC OPPORTUNITY,
Chicago, Ill.

ROBERT R. PARKER,
Acting Deputy Director, Operations Division.
CHARLES McMILLAN,
Acting Associate Director for Regional Operations.

PHASEOUT ACTIVITIES OF THE REGIONAL OFFICE

SECTION A—GENERAL

The planning and phase-out activities of the Regional Office are geared to a June 30, 1973, close-down date. Many unknowns exist preventing a detailed plan until further guidance and additional, definite decisions are received from OEO Washington. A major question arises as to what close-out activities are to be accomplished by the General Services Administration, i.e., disposition of fur-

niture, equipment, records, etc. It should also be noted that this plan does not include Legal Services.

In view of these uncertainties, Region V has developed a broadly defined close-out plan to be accomplished in three phases:

Phase I—Withdrawal of OEO Support to Grantees

Phase II—Close-down of the Regional Office

Phase III—Final Termination by the General Services Administration

Once sufficient detailed information is provided the Regional Office, it is our intent to develop the three planned phases into necessary detail and to PERT each activity with an accomplishment date to assure an orderly phase-out of the total operation.

Phase I, the withdrawal of OEO support to grantees, is the primary objective within the June 30, 1973, time frame. All efforts are now focused on this objective and initial activities have been accomplished, i.e., notification to grantees of withdrawal of support, and an interim GAP process for the Regional Office. Phase II will overlap both Phase I and Phase III as a number of Regional Office phase-out activities have begun and a number of others will be finalized after June 30, 1973. Phase III, then, is the most indefinite area. Instructions must be forthcoming concerning General Services Administration's plan so as to dovetail the Regional Office activities into GSA's close-down plan.

The following priority areas will be addressed between now and June 30, 1973, to accomplish Phase I and Phase II of the Regional Office Plan.

Audit resolution

Audits currently in Community Support Branches less a working inventory of sixty-five:

Wisconsin/Ohio	32
Minnesota/Indiana	8
Michigan/Illinois	17
Metro	25
Terminations, transfers and legal service	23
Total	105
Less working balance	65
Net	40

The audit detail to the Community Support Division is to be extended for an additional 30-days. An extension should provide the necessary time to reduce unresolved audits to the sixty-five working balance. In cases where the Regional Office has not been successful in obtaining audit resolutions, it may be necessary to request an exception to the travel freeze allowing personnel to confer on site with grantee officials. At the end of the additional 30-day detail, audit review specialists and audit files are to be transferred back to the Administration Division.

Grant processing

The Community Support Division and the Administration Division have developed a joint hilite procedure based on OEO Washington instruction. An Interim GAP Procedure Instruction has been issued and hilites are being processed according to the revised procedure. Grant packages are now initiated by the Community Support Representatives at the Community Support Branch level. The hilites are then processed through the Planning and Budgeting Branch for verification against the Regional Office funding plan, and are signed off by both the CSD Branch Chief and the Community Support Division Chief.

A review of the Regional Office funding situation indicates the following work load by branch:

Wisconsin/Ohio	(grants to be processed) ..	45
Minnesota/Indiana		16
Michigan/Illinois		33
Metro		27
Total		121

It is difficult to assess when all grants will be processed due to the following factors:

1. Uncertainty as to OEO Washington's requirements for the contents of a Grant Package;
2. Further clarification is needed on how long grants will be allowed to continue after March 30, 1973;
3. A decision is needed whether obligated grants will be allowed to continue until reaching the full contract period, or whether the grants will have to be reissued for a shorter length of time.
4. What is the status of grants in process awaiting final decisions of the Audit Appeals Board.
5. Whether extensions will be allowed on program-year end dates.
6. Uncertainty as to actual close-down date of the Regional Office.
7. Uncertainty as to actual budget allocation for remainder of year.
8. Uncertainty as to status of deobligation actions.

With hilite forms now complete and the grants identified by branch, every effort will be made to process the grants as rapidly as possible. It is anticipated that the grant processing activity will be completed within a three month time frame.

Each grantee (Community Action Agency) has been contacted relative to determining its financial and resource status. When this information is compiled and analyzed, the Regional Office will have an indication of the status of the grantee both as to a resource and as to a financial aspect. The Regional Office can then make contacts and give technical assistance ranging from continuing their operation to advising the grantee how to close-out. In cases where a close-out seems certain, the Regional Office will provide assistance in the following areas:

- Finance
- Property
- Contracts
- Custody of Records
- Personnel

The Regional Office is also in the process of developing a checklist to assist grantees in their phase-out. This list will be expanded to include additional direction received from OEO Washington. A sample list is attached for information.

Training and assignment of staff

As the Regional Office proceeds in the phase-out activities it is essential that participating staff receive training in property disposal, contracts, unemployment benefits, rights of agencies, employee rights, and other areas associated with the close-out, as questions will be directed to Regional Office personnel on these matters. It is planned to have Administration Division personnel, proficient in these areas, provide such training to those involved in technical assistance to grantees. We also look to OEO Washington, Headquarters for guidance in those areas.

As the Regional Office gears down its activities, various functions will cease. Preliminary plans are now being made to utilize manpower, freed from phased-out activities, in other prime activities. A plan is also being developed to provide backup to key office positions should personnel leave for other employment.

SECTION B—REGION V PHASE-OUT ACTIVITIES

Following is a list of Region V phase-out activities that will be further refined and networked into a PERT chart.

Phase I—Withdrawal of OEO Support to Grantees

- Issue "Termination of OEO Support" notice to grantees
- Develop an interim GAP procedure
- Prepare list of current grantees and grants
- Prepare schedule of termination dates
- Analyze financial and resource status of grantees
- Develop teams to provide technical assistance
- Notify grantees of termination dates and cancel recognition as CAA
- Notify delegate agencies of termination dates
- Prepare phase-out check list for grantees
- Develop schedule of final audit dates
- Notify and provide guidance to CPA firms

Schedule final audit dates with CPA firms
 Schedule audits of delegate agencies
 Inventory and secure federal property
 Secure grantee records
 Impound cash balances
 Determine disposition of property
 Arrange for custody of records
 Resolve final audit questions
 Resolve final payments
 Terminate grants
 Provide assistance in placing personnel

Phase II—Close-down of the Regional Office

Financial Activities:

Establish cut-off date on fund reservations (PR's, travel, training, supplies, equipment, etc.)
 Prepare schedule of outstanding encumbrances
 Prepare schedule of open travel authorizations
 Prepare vouchers payable list
 List travel advances and revolving fund advances
 Issue notice of date travel advances are to be repaid
 Reconcile to computer print-outs
 Determine activity limitations of imprest fund
 Reconcile imprest fund and petty cash fund
 Update all accounting records
 Process payment on all invoices
 Complete all files for closing

Audit Activities:

Prepare audit status list for all grantees
 Finalize review of audits in process
 Finalize audit appeals
 Arrange for final audits
 Complete Audit Appeal Board activities

Grant Processing Activities:

Finalize processing of all grants in system
 Update master control card file
 Transfer permanent documents to central files
 Dispose of working files

Property and Contract and Administrative Activities:

Update inventory schedules of all grantees
 Determine status of property—federal, non-federal, inkind not claimed
 Update Regional Office inventory records
 Update receipts for equipment assignments to personnel
 Collect all office and equipment keys
 Cancel consultant contracts
 Arrange for final payment on contracts
 Cancel EEO training (grantees and Regional Office)
 Arrange to cancel phone service as office gears down
 Clear terminating employees on issued equipment
 Prepare property guidelines for grantees
 Issue instructions on property disposition
 Dispose of property

General Office Activities:

Determine status of office supplies
 Return all supplies to stockroom
 Determine disposition of directive files
 Cancel service contracts
 Remove personal items from desks, files and office
 Update all grantee records in central files
 Cancel all subscriptions
 Curtail printing, xeroxing, etc.
 Stop library activities
 Minimize replacement of supplies

- Purge working files
- Develop plan for record retirement
- Return books and periodicals to library
- Dispose of OEO directives
- Dispose of OEO forms
- Prepare permanent files for National Archives storage
- Curtail long distance phone calls
- Issue instructions to staff on closing files
- Determine disposition of rental equipment
- Return GSA auto
- Develop procedures for removal of fixtures attached to walls, etc.
- Terminate lease contracts

Personnel Activities:

- Reconcile annual leave, compensatory time and sick leave
- Update employee evaluations
- Determine status of payroll allotments
- Inform employees of status of health and life insurance
- Develop back-up schedule of key positions
- Reassign personnel to critical areas
- Assist personnel in securing new employment
- Curtail overtime
- Contact Federal and private employment sources
- Establish job bank for Region V employees
- Inform employees of provisions for retirement, severance pay, dislocated employees program, unemployment compensation, and transfer of function
- List employees eligible for voluntary retirement
- Secure specific instructions from OEO Washington as to competitive levels and uniform RIF procedures
- Secure specific instructions from OEO Washington as to steps taken in dissolution of agency
- Determine which positions are slotted to other agencies
- Determine which categories of personnel, if any, are to be transferred
- Provide letters of reference
- Provide assistance in developing resumes for employees

Human Rights Activities:

- Finalize reports on internal employee complaints
- Process all appeals and hearings, and issue decisions on all cases
- Finalize reports on external cases and issue reports and decisions
- Complete files and close files on each case
- Prepare analysis of Grantee Affirmative Action Plans
- Compile list of Affirmative Action Plans for permanent record
- Prepare record of all EEO's of each grantee and forward a copy to Regional Council
- Effect transition of TASK Force duties
- Effect transition of participation on FEB
- Participate in development of employment resources for employees

Regional Council Activities:

- Finalize "Integrated Grant" commitments to the Federal Regional Council
- Effect transition of Regional Office duties on the Federal Regional Council and meet with other Federal agencies on delegation agreements

General Counsel Activities:

- Assist in updating all grantee permanent file documents
- Provide legal advice on closing and/or phase out of grantees
- Prepare schedule and process all unfair labor practices

Public Affairs and Congressional Relations Activities:

- Answer calls from all media—radio, television and newspapers, etc.
- Forward clippings of articles to OEO Washington via facsimile each day
- Supervise filing of historical data
- Receive and answer congressional calls
- Alert Regional Office to congressional legislative information
- Follow congressional releases of grants to June 30, 1973

Keep files updated
 Answer information requests from general public
 Dispose of obsolete information and materials

Administration General Activities:

Develop systems for phase-out of grantees
 Develop systems for close-out of Regional Office
 Develop check lists to aid in phase-outs
 Provide necessary training in specialized area of support
 Coordinate overall phase-out

Phase III—Final Termination by the General Services Administration:

Continue all phase-out activities not completed
 Finalize termination of Regional Office

Grantee Phase-out Check List (sample)

1. Provide for payment of: Income Taxes (Federal, State and City), FICA Taxes, Unemployment Taxes, Accrued Leave, and Terminal Pay
2. Freeze all pay increases or increases in fringe benefits
3. Change over group insurance to individual policies
4. Provide assistance in finding employment to staff
5. Inventory property and develop plan for disposal (OEO Instr. 7001-01)
6. Liquidate loans
7. Report unliquidated loans to OEO with recommendations for liquidation
8. Residual grant funds can be applied to phase-out. Nonfederal share can also be applied to phase-out. Interest must be returned to treasury. Profits from ventures can be applied to phase-out
9. Provide for preservation of records
10. Begin formal dissolution for grantees not remaining in existence
11. Notify all delegate agencies to phase-out OEO support
12. Cancel all grant projections for fiscal year 1974
13. Grantees are to promptly start to adjust affairs for phase-out
14. Prepare plan for phase-out/close-out and submit to Regional Office
15. Contact CPA firm and arrange for final audit
16. Secure all Federal property and fund balances

WENDELL VERDUIN,
Regional Director.

Mr. HAWKINS. The second day of hearings in Detroit will commence tomorrow morning in this auditorium at nine a.m.

The committee is in adjournment until tomorrow at nine a.m.

From the Floor. May I ask one question?

The question is, how do you feel about the people that have appeared today? I mean how do you feel that they are involved? Do you think there has been a lack of communication?

This OEO program is supposed to be a representation of the poor and I don't see anything like that here. This should be held in the hall, the people should be around. How do you feel about this?

Mr. HAWKINS. We feel the people of Detroit have given us valuable information today, we have had a nice cross section. We have had a good, sound hearing and we certainly appreciate those who came to Detroit to give this to us. I think it has been a successful day.

(Applause)

From the Floor. Mr. Chairman—

Mr. HAWKINS. I am sorry.

From the Floor. May I say a word?

Mr. HAWKINS. No. If you will come back tomorrow, we will be very glad to hear you.

From the Floor. I am from the Office of Economic Opportunity in Chicago and I will not be able to come here tomorrow. I was hoping

I would have a chance to say a few words because I know what the young lady is talking about. I was a welfare mother—

Mr. HAWKINS. If you will come back tomorrow, we will be glad to hear from you but we must terminate because we have some schedules to keep. This committee has not made arrangements for field hearings to take place tonight and we just have to go on.

The committee will stand in recess until tomorrow at nine a.m.

(Whereupon, at 5:47 p.m. the subcommittee adjourned, to reconvene at 9:00 a.m., Tuesday, March 20, 1973.)

[The following material was submitted for the record.]

RACINE COUNTY COMMUNITY ACTION PROGRAM COMMITTEE, INC.,
Racine, Wis., March 19, 1973.

SUBCOMMITTEE ON EQUAL OPPORTUNITY,
Washington, D.C.

As a board member of the Racine County Community Action Program, Inc. and the Southside Steering Committee in Racine, Wisc., I have seen the good OEO has done in the poor community.

Last year alone over 500 youth in the Racine Neighborhood Youth Corps, were given summer work.

Training has been provided to many Mothers through Headstart and Follow-Thru. Children enrolled in Follow-Thru are ahead of their counter-parts in the outer-city schools.

I think, if the Racine Community loses federal support for these programs, a wealth of human talent will be lost to Wisconsin and the nation.

I urge strongly that Congress does everything within its power to maintain the useful and functional social programs. In the Racine area, programs have been an asset, not an economic rip-off.

Without continued OEO and other similar programs, we can prepare ourselves for a state of apathy and possibly an unwarranted and unwanted hot summer.

Respectfully Submitted.

(Mrs.) EULA JOHNSON,
Board Member.

STATEMENT OF SUSAN MILLER, STATE LEGISLATION CHAIRMAN, GREATER DETROIT SECTION, NATIONAL COUNCIL JEWISH WOMEN

Good morning. I am Susan Miller, State Legislation Chairman for Michigan of the National Council of Jewish Women. We are a 100,000 member nationwide organization dedicated to furthering human welfare in the Jewish and general community.

As such, NCJW has been totally committed to the goals of the Office of Economic Opportunity since its inception in 1964. We know, through our connections with OEO, that the poor look upon it as their spokesman in the Federal Government and the protector of their rights.

National Council of Jewish Women is an organization made up of women who serve as volunteers and whose concerns include many programs connected to the OEO which make use of the volunteer such as: WICS (Women in Community Service) Mobile Meals on Wheels (which provide nourishment to needy elderly persons), and Day Care. We are also committed to other programs which will improve the lot of the poor such as: welfare reform, housing for low and moderate income families, and a national health insurance program.

NCJW has been committed to the principle of day care since the 1890's and we see a great loss in the dismantling of OEO because of its many interconnections and interdependencies with day care. "Windows on Day Care" by Mary Keyserling is an NCJW sponsored and researched study of day care needs in the U.S. To date, it is the most comprehensive and definitive study of its kind. It was performed under a contract from the Office of Economic Opportunity. The study shows great unmet needs in the area of day care; these needs must not be allowed to go unfulfilled.

NCJW believes that the government should help to promote training programs and employment opportunities for youth and we are thus concerned, as an organization, and as individuals, about the elimination of the Neighborhood Youth Corps (NYC) and what this can mean to the city of Detroit. Last summer alone, over 18,000 youngsters from the central city were employed through the MCHRD or Board of Education Summer Neighborhood Youth Corps program. The elimination of this program means that these youngsters will be idled in the upcoming summer.

Because of the NCJW priority of providing adequate health care to all Americans, we are concerned about the possible closing of the MCHRD clinics. This action would leave a large number of people in the core city without medical care. Because many private physicians are reluctant to open offices in the central city, many residents of these areas, even those covered under Medicare and Medicaid, have difficulty in obtaining medical care within easy access of their homes. MCHRD clinics have filled this gap, serving approximately 100,000 people last year. Closing the clinics would leave these 100,000 people without medical care.

National Council of Jewish Women feels it is imperative that OEO be saved! **OEO IS THE ONLY ADVOCATE FOR A GROUP OF AMERICANS CHARACTERIZED BY THEIR POWERLESSNESS.** We are aware that there are excesses in the program; but overall we believe that the **CENTRALIZATION OF SERVICES TO THE POOR IS A SOUND IDEA!** To fragmentize these services by spreading them out to other agencies is to render them unworkable and ineffective. Volunteer programs, such as that of NCJW, need a funding agent as well as volunteers, one cannot work without the other.

Self respect and dignity are difficult to measure, but one thing has been made clear since the riots of the 60's: the poor have been given some hope that poverty could be overcome and that someone cared about their plight.

National Council of Jewish Women believes that to destroy the Office of Economic Opportunity is to destroy that hope!

Thank you.

STATEMENT OF MRS. ROLAND (FAY) O'HARE, PRESIDENT,
DETROIT LEAGUE OF WOMEN VOTERS

Mr. Chairman, the League of Women Voters is a national, non-partisan organization dedicated to promoting informed and active participation of citizens in government.

Under our nationwide position on human resources, League members have stated repeatedly that the federal government bears a major responsibility not only to provide funds which are not available at the state or local level, but also to set firm guidelines about how these funds are to be spent. The League is not opposed to reducing federal expenditures or to sharing federal tax dollars *per se*. But the League does care about *what* programs will suffer when expenditures are reduced and *what* programs will benefit or suffer when tax dollars are allocated.

Representing the Detroit League of Women Voters, and speaking with the agreement of the Michigan League of Women Voters which includes members in cities, suburbs, towns, university communities and rural areas across Michigan, I appear here to support the continuation of the Office of Economic Opportunity. We urge the Congress of the United States to exercise its power to continue the existence of this structure of services to the poor. It is probably unnecessary to remind you that the OEO was built by the action of the Congress in legislation which is still in effect. In Detroit we have enjoyed a large number of OEO services through the Mayor's Committee for Human Resources Development. I shall not repeat the facts so well presented to you today by Mayor Gribbs of this city. Our facts would be the same and our apprehension for the future of Detroit without MCHRD equals the apprehension he expressed to you.

We are concerned for the ultimate cost to this community and this country of the abrupt termination of the many programs under OEO and we are convinced that the cost in dollars will ultimately be far greater for our citizens than the apparent temporary saving that will come with cancellation. The cost will also be heavy in terms of human health, learning, aspirations, and confidence in government.

When children are without medical care, young people are idle for lack of summer jobs, potential adult workers are without job training, working mothers are without day care they can afford, the poor are without access to legal counsel, and the elderly are without recreation centers and hot meals, we will all pay

and pay dearly. Added to our loss is the growing expertise and confidence of our citizens who have participated in the community planning aspect of these programs.

Especially distressing is the assertion by the executive branch of our government that revenue sharing will solve the problems of our cities. Revenue sharing is not here now and we don't know when it will be here, but we know already that the sums involved will not begin to be adequate for the job now handed back to our states and cities.

No provisions is being made for an orderly transition period. Even as we gear ourselves now to fight for continuation of OEO services, the OEO structure is being dismantled without planning and without warning. It is appalling that our government demolishes public programs before the people can be heard. In a very few weeks the process will be complete and OEO will then be put back together as easily as a broken egg.

We know that there have been problems with some of the programs and that improvements are needed, but our experience in Detroit is that many, if not most, of the problems have been caused by the federal government's inability to get the money to the local agencies soon enough to do the necessary planning. We submit that it is time to do things better and more efficiently, not to claim either that the job is finished or that it can't be done.

This nation has found the resources for vast quantities of space hardware and even vaster quantities of destructive armaments. It will be a disaster if this nation cannot now find the resources to serve our people and save our cities.

The crisis of *this* city is not over. We are afraid that it has only just begun.

PROPOSED ELIMINATION OF OEO AND RELATED LEGISLATION

TUESDAY, MARCH 20, 1973

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EQUAL OPPORTUNITIES OF THE
COMMITTEE ON EDUCATION AND LABOR,
Detroit, Mich.

The subcommittee met at 9:15 a.m., pursuant to recess, in the auditorium of the City-County Building, Hon. Augustus F. Hawkins (chairman of the subcommittee) presiding.

Present: Representative Hawkins and Clay.

Also present: Representative Conyers.

Staff members present: William Beckham, counsel; and Martin L. LaVor, minority legislative associate.

Mr. HAWKINS. The Subcommittee on Equal Opportunities of the Committee on Education and Labor of the House of Representatives is now in order.

The hearing today is the continuation of yesterday's hearing. In view of the difficulties which we experienced yesterday on hearing from all of the witnesses, we hope that today it will be possible so that as many witnesses can be heard from and also unscheduled witnesses who wish to testify.

Sometimes it is very difficult to refuse the opportunity to someone to be heard even though prior arrangement has not been made. So we are going to suggest that the witnesses or group of witnesses where they do testify as a group confine themselves within 20 or 30 minutes. Where testimony is to be presented through statements, the Chair would like to advise that these statements in their entirety will go into the record as if they actually had been read and therefore the witness many times can summarize and actually present much more relevant testimony to the committee. We hope that we can go through with that schedule.

It is not the intent of the committee to recess for lunch today but to continue through so that the members of the committee and staff will be able to make their connection back to Washington since the House is still in session and we are supposed to be involved in some of the business of the session. In order to accommodate that we hope that we can hear from all of the witnesses and proceed with the hearing in the most effective manner. Your cooperation is certainly requested.

The first witnesses this morning are Father Malcolm Carron, Chairman of New Detroit, Inc., and Mr. Larry Doss, president of New Detroit, Inc.

Father Carron and Mr. Doss, please come forward. We have provided a witness table for the witnesses.

I suppose, Father Carron, it will be your privilege to be the first. We certainly want to welcome both you and Mr. Doss to this committee. We know something of the organization and it is with great anticipation that we await your testimony.

STATEMENT OF REV. MALCOLM CARRON, S.J., PRESIDENT OF THE UNIVERSITY OF DETROIT AND CHAIRMAN OF NEW DETROIT, INC.

Reverend CARRON. Thank you, Mr. Chairman.

Speaking for the board of New Detroit, Incorporated, I appreciate this opportunity to outline some of Detroit's most critical concerns for the Equal Opportunity Subcommittee of the United States House of Representatives' Education and Labor Committee. New Detroit, as you may know, was the Nation's first urban coalition, founded immediately following the civil rebellion in Detroit during the summer of 1967.

That disturbance was similar to scores of others which took place in cities across the Nation during the sixties. Subsequent studies and commonsense clearly revealed that one of the primary causes of those disturbances was poverty, manifested in the hate, bitterness and frustration of people who had lost hope in this country.

Nearly 6 years have passed since Detroit witnessed America's most destructive civil uprising in this century. And most of our time since then has been spent in pursuit of the very subject we have come here this morning to discuss, equal opportunity. Toward that end, New Detroit has brought together the concerns, skills and energies of representatives from all sectors of this community, from welfare recipients, militant activists and students, to the chairman of the major automobile companies: Lynn Townsend, Henry Ford II, and Richard Gerstenberg.

New Detroit has now invested over \$18 million in efforts to improve this city. Through New Detroit's board of directors, 19 committees, operating staff, and affiliate organizations, over 1,500 persons are directly involved in this urban coalition. In addition, since 1967 New Detroit has funded hundreds of community initiated programs and activities designed to improve the quality of life in this city.

In some respects we have made much progress. In specific areas we can cite some rather notable achievements. But when we look at the documented causes of the outburst here in 1967—general poverty, overcrowded living conditions, poor housing, charges of police brutality and anger with gouging businessmen—we must admit that whatever gains we have made must surely seem mediocre to many who are still experiencing those problems.

But, as an organization, New Detroit has progressed through a number of operational phases, from the exploration of basic issues to the initiation, support, and funding of individual programs and activities, to the level at which we are now operating. New Detroit today has a well coordinated and experienced full-time professional staff, guided by a 60-member board of trustees, many of whom are charter members of New Detroit.

These men and women have endured years of frustration, internal conflict and debate, and constant challenge, to emerge with not only a greater understanding of each other, but a clearer perception of the real dimensions of the urban "dilemma."

But most importantly, today, in place of stopgap, piecemeal efforts, our basic mode of operation is emerging as a systematic, well coordinated and programmatic approach to social problem solving.

For 1973 New Detroit has identified five program priorities. They are: Education Fiscal Reform. Where we are pushing for sweeping reforms in school financing policy that will provide an equal opportunity for all students to receive a quality education.

Drug Abuse. Where we have already begun to develop more comprehensive and coordinated methods for combating this growing and critical problem.

Unemployment. Where we are participating in an unprecedented attempt to resolve and correct the causes for the city's unusually high unemployment rates.

Housing. Where we are seeking new approaches in the private and public sectors to meet the housing needs of low and moderate income families.

And finally, Police-Community Relations. Where we perceive a critical need to assist in the reconciliation of the unquestionable need for effective law enforcement with the constitutional guarantee of equal protection under the law for all citizens.

New Detroit representatives have previously appeared before various House and Senate hearing bodies to testify of the great need for Federal support in the resolution of major social and economical problems. New Detroit's Board has taken formal positions in support of the retention and strengthening of the Office of Economic Opportunity; adoption of an adequate income maintenance program; implementation of Federal revenue sharing; and construction of adequate housing for low and moderate income families.

We have worked, and will continue to work, persistently and consistently to make the metropolitan Detroit area a better place to live and work, and we feel we have made some important progress in areas of social concern over the past 5½ years. In fact, because of increased levels of political and organizational awareness, through increased citizen participation, Detroit is at a critical turning point.

But, if our efforts at the local level are to succeed, we will need continued and increased support and cooperation, not only from the community, but also from government bodies at all levels.

New Detroit is greatly concerned about the proposed Federal budget for the next fiscal year, and the possible effects it might have on local efforts to resolve basic social problems.

We don't have time to explain New Detroit's entire program this morning but I have with me New Detroit's president, executive vice president, and vice president, Lawrence Doss, Robert Spencer, and Walter Douglas, who will outline for you some of our major program efforts and some of our concerns about the impact the proposed Federal budget might have on these areas.

Thank you very much.

Mr. HAWKINS. Thank you, Father.

[Prepared statement of Rev. Malcolm Carron, S.J., Chairman, New Detroit, Inc., follows:]

PREPARED STATEMENT OF REV. MALCOLM CARRON, S.J., CHAIRMAN, NEW DETROIT, INC.

I. CURRENT SITUATION IN DETROIT

Employment

Population in the 3-County Area (Standard Metropolitan Statistical Area) grew by one million from 1950 to 1970. The labor force grew by 500,000 and the educational level increased from an average of approximately 8 years to 12 years, i.e., High School Graduation.

Currently, there are 1,723,000 persons in the Detroit SMSA labor force with 107,000 unemployed (rate 6.2%). Unemployment has fluctuated widely during the last decade, and except for a few years when it remained constant (at about 3-4%), it has been extremely high. It was 11.0% in 1961, 8.2% in 1971 and 10.8% in February, 1972. Unemployment has generally remained higher than the National Average—being as high as 150% of the National Average in 1971.

Unemployment is unevenly divided among workers and is concentrated primarily in the city of Detroit and in the inner city. A U.S. Department of Census survey conducted in 1971 found the Unemployment rate in Detroit to be 1.7 times as great as the rate for the SMSA, and the rate for the inner city to be 3.5 times as great. The survey also found that the chronically unemployed are:

Non-White, whose average annual rate of unemployment was 13.9% in 1971 (and while they represent only 79% of the labor force, they represent 83% of the unemployed).

Women, whose average annual rate of unemployment was 13.3% in 1971 (while they represent only 39% of the labor force, they represent 47% of the unemployed).

Youth, whose average annual rate of unemployment was 26.8% in 1971 (and while they represent only 9% of the labor force, they represent 23% of the unemployed).

Detroit continues to experience high Unemployment while also experiencing a high rate of economic activity. In spite of good times for business, enough jobs are not available for full employment and nearly 100,000 jobs are still needed to lower employment to the acceptable rate of 3-4%. In addition, a close inspection of the job placement mechanisms uncovered the fact that there were just too few jobs of any kind. An analysis of newspaper ads and job placement data banks and a survey of 450 area employers resulted in the identification of less than 10,000 jobs.

Housing Population

1. 1,511,482 Persons
2. 458,025 Families @ average 3.3 persons/family)
3. 151,148 Low income families (33%-under \$6,000/year)

Existing Housing Stock

4. 529,043
5. 49,700 sub-standard occupied units beyond repair (50% of total substandard 99,799)
6. 15,645 Vacant beyond repair (50% of total vacant-31,290)
7. 26,452 Normal Healthy Vacancy Rate @ 5% of total
8. 437,196 Units of substandard housing available
9. 20,829 Units short (by population) (Subtotaling lines 8 and 2)
10. 91,318 Standard units within the economic means of low income families (18.6% of families in City by income cannot afford more than \$60.00 per month)
11. 59,330 Units short for low income families

NOTE.—Above figures based on 1970 Census data

Education

There are 285,000 pupils in the public schools of Detroit, the largest District in the State; the 4th largest in the nation.

65% of those students are black, putting Detroit in the 99th percentile of minority black students statewide. Forty-three percent of the faculty is black.

On the Michigan achievement test, 7th graders in Detroit ranked in the second from the lowest in the state in terms of social and economic disadvantaged. In 1970-71 Detroit spent \$756 on current operating expenses per pupil. In 1969-70 Detroit was 21st out of the 35 school district in Wayne county in expenditures per pupil and 8th out of the 10 largest school districts in the nation.

Pupil/Teacher ratio in 1970-71 was 27, placing Detroit in the 90th (Poor) percentile statewide. (Teachers salaries were in 97th percentile (High)).

On the Michigan Achievement Test, both 4th and 7th graders ranked in the 1st or lowest achieving percentile. Detroit youngsters on the average achieve considerably below national means on national tests such as the Iowa tests of basic skills and the sequential tests of educational progress.

In 1970, 27.4% of the eligible senior high school age group were *NOT* enrolled in either public or private high schools. The Detroit dropout rate ranks in the 99th percentile statewide.

Drugs

According to the F.B.I., arrests for narcotics-related crime in Detroit jumped 206% in the period covering 1970-71. Our local bureau of narcotics and dangerous drugs (BNDD) office *estimates* as many as 40,000 "Active Addicts" in Detroit. *(NOTE: Reliable Epidemiological data is not yet available but is to be a major aspect of the "STATE PLAN" now in process).

Treatment and rehabilitation programs service 6700 clients currently in the city proper. Over 95% of those are being treated by public or private outpatient clinics which utilize some form of Chemo-Therapy (usually Methadone) accompanied by counseling and psychotherapy. In addition, there are "uncountables" in treatment. But they are in non-traditional type programs that do not maintain census statistics. Such programs are church or political oriented, E.G. Muslims, Panthers, Harikrishna, Transcendental Meditation, ETC. Community ignorance and political exploitation of drugs as a social/political issue make comprehensive programming extremely difficult.

There are at least 85 agencies in Detroit which claim to provide drug treatment and rehabilitation and/or education, information and prevention services. However, very few of these agencies provide a full range of services. There is much competition for the limited public and private funds and attempts at rational coordination are often thwarted by this fact. Again, the "State Plan" may obviate this current problem. Reduction of street crime is highly desirable but in the drug abuse area, current emphasis appears to get at the "little fellow" only, who in fact contributes to the crime statistics but is as much a victim as those he perpetrates crime against. Indeed, one has to understand that in a total context, the community is part and parcel of the drug abuse industry. That is an indictment that is of course difficult to bring to understanding but let this description attempt to clarify:

The addict steals from those who have—where the risk is least—and "fences" right back to the same people! The people who have least "want" at costs they can afford. The process is cyclical, and it is understandable why we have an addiction problem and all of its attendant erosion of the whole social system, E.G., police corruption.

In the area of education and prevention, the national reports corroborate our own to indicate that drug education as a prevention measure *IS WRONG* as practiced. The evidence is in: We're turning on more kids with our drug information programs that we're turning off. Detroit like the rest of the nation is liable in this area of endeavor. We may be a little ahead of the nation, however, in that we've seen the error of our ways and are no longer engaging in wholesale endorsement of every drug education and prevention program that comes down the pike and are carefully evaluating those we do give lip-service to.

Public Safety

Crime and the fear of crime has become the number one concern of the community. Homicides are increasing at an alarming rate. Both have contributed to the polarization of the community and the exodus of many citizens. Drug addiction has reached epidemic proportions and the sentencing and rehabilitation of offenders have become major concerns. The relationship between the minority communities and the police is just as hostile or worse than it was in 1967.

Many citizens are afraid to walk the streets at night and some feel unsafe in their homes. Based on the Index of Crime of the Uniform—Crime Report of 1971, the Detroit Standard Metropolitan Statistical area was fourth among major metropolitan areas in crime. Only San Francisco, Los Angeles and New York City have a larger Index of Crime. A Market Opinion Research survey in 1971 clearly shows that a large majority of Detroit's black adults want more police protection in their neighborhoods. No less than 80% of blacks interviewed in the scientific sample covering the entire black community in Detroit think that more police protection is needed. This desire for improved public safety is consistent with the thinking of whites as shown in other polls.

Detroit homicides have jumped from 577 in 1971 to 601 in 1972. According to news articles, confidential federal reports show that drug addiction in Detroit is skyrocketing and narcotics-related arrests are increasing at a rate unparalleled anywhere in the nation. Federal authorities note that addiction to illegal drugs in Detroit has nearly doubled in the recent decade and arrests for narcotics-related crime has jumped 206% in the period covering 1970-71.

Despite increased "heat" generated by law enforcement agencies, the nationwide distribution pattern indicates that the drug market in Detroit and the region is expanding rapidly. Federal Bureau of Narcotics and Dangerous Drugs estimate that there are as many as 40,000 active addicts in Detroit. Only two other cities in the nation, New York and Chicago, have higher per-capita addiction rates than Detroit.

About 85 percent of all crimes committed are committed by individuals who have been involved in one or more crimes. The recidivism rate relates directly to fair and speedy trials, appropriate sentencing and rehabilitation of offenders.

Whites in large numbers have come to fear and distrust minorities because of the reported high crime and the myth about crime. Many whites believe that most violent crimes are committed by people of one race against people of another race. When in fact, the Eisenhower Commission revealed that in 80 to 90 percent of all violent crimes, the criminal and the victim are of the same race.

Sixty-three (63) percent of the black community think the police department is not enforcing the law fairly with all groups. A Market Opinion Research Survey showed that 45 percent of the black community strongly agree and 35 percent somewhat agree that their neighborhoods need more police protection. The lack of police protection and the dual standard of law enforcement that is applied to minority communities have severely damaged police community relations. Recently, widespread and numerous complaints have resulted from alleged police brutality, illegal entrance into private homes and harassment of innocent citizens by uniformed and plainclothes officers. Many citizens believe that police investigation of citizen complaints against policemen provides a degree of immunity from impartial and objective investigations. A Wayne County Circuit Judge has ruled that Police have improperly entered 56 Detroit homes without search warrants in a recent search for alleged offenders. Twenty-seven (27) citizen complaints have also been filed on policemen.

Welfare—Income Maintenance

In October, 1972 there were 144,640 public assistance cases in Wayne County. This constitutes 48% of the total caseload in Michigan, and provides income to 337,862 persons, about 12½% of the County population. Over two-thirds of the welfare recipients of Wayne County reside in Detroit, and they constitute approximately 16% of the city's population.

Approximately \$300 million in cash grants alone (excluding medical assistance costs) were disbursed to Wayne County public assistance recipients in 1972.

Supplementing this income, 67,473 households, which included 217,042 persons were using food stamps. These include 21,970 persons who are not receiving public assistance. Approximately \$60 million in food stamps were issued in Wayne County during 1972.

There has been nearly a three-fold increase in the families on public assistance in Wayne County over the past five years, from approximately 50,000 to over 145,000. Of these, about 33,000 families are on general assistance. These situations almost always represent cases where an adult would be working if there were jobs available.

1969 census data showed 135,313 families in Wayne County benefitting from Social Security payments, which totalled \$242 million dollars annual income.

Social Services

Social services rendered by the Michigan Department of Social Services have risen from 29,040 a month in October, 1971 to 45,426 a month in October, 1972. This represents approximately a fifty percent increase in one year to an annual total of some one half million service requests. Wayne County absorbed more than a third of this service delivery. Day care accounted for 10 percent of the service requests, while the remaining ninety percent were for adult and family service.

Community Involvement

In 1973, Detroit has reached its zenith in citizen participation. Regional school board elections have given community people a role in determining curriculum and personnel for each of Detroit's eight (8) school board regions.

In addition, for the first time in its history, the Detroit school board will have a black majority, four at-large members and three members from the regional boards.

In regard to conventional urban renewal and neighborhood development programs (NDP), there are twenty (20) citizen district councils (One in each of the 20 urban renewal/NDP areas), comprised of elected residents who play a substantial role in making decisions and forming policies that affect the destiny of their community and their lives.

The model neighborhood agency has a 108 member citizens governing board (CGB) representing the four (4) MNA areas. They hire their own technical staff and are co-partners with the city of Detroit in implementing the MNA program in their areas.

All four (4) MCHRD target areas have a 40-member area advisory committee (AAC). Representatives from these areas serve on the mayors policy advisory committee (PAC) which includes representatives from public and private agencies, business, labor, government and civic groups. In addition, citizens are represented on each PAC sub-committee.

The MNA health program has a nine-man (9) committee that represents the consumer. This citizen involvement has resulted in an excellent health care facility that serves 15,000 patients per year.

We also have grass root citizens on the board of trustees for our planned New Detroit general hospital who express the views of the people who will be consumers of services.

Six (6) communities in the city of Detroit have been designated by the Community Development Commission as Neighborhood Improvement Program Areas. Grass Roots Community Groups in three (3) of these areas are funded by New Detroit, Inc. Each area has a community council that has voice and vote of the additional services that Neighborhood Improvement Program will provide. These activities are exemplary of the magnitude of citizen participation that presently exists in Detroit.

II. CURRENT EFFORTS

Employment

To remove barriers to full employment and economic growth in Detroit, a joint effort between New Detroit, Inc., the Detroit Renaissance and the Detroit Chamber of Commerce has produced an "Action Program Against Unemployment." This program is coordinated by a steering committee composed of the Governor of the State of Michigan, the Mayor of the City of Detroit, the Chairmen of the Chamber of Commerce, the Detroit Renaissance and New Detroit, and the President of the United Auto Workers and the Michigan AFL/CIO. This steering committee directs the efforts of six (6) task forces working in the following areas to:

- Improve the legal climate towards business
- Develop fair and uniform compensation laws
- Create equitable wage rate patterns
- Increase the productivity of manufacturing concerns and decrease absenteeism
- Retain existing businesses and attract new ones, while generating new jobs
- Develop industrial parks for increased economic activity in Detroit and the area

In addition, Detroit is experiencing perhaps its highest level of physical construction in the last two decades. Hopefully, increased activity in home construction and the downtown area will result in a positive impact on the area labor force.

Housing—Private Involvement

- 20 Developers
- 8 Mortgage Bankers
- 19 Architects and Planners
- 10 Attorneys
- 9 Housing Consultants

New Detroit: Acting as a catalytic organization, structured to assist communities in developing Housing strategies.

Barrier subcommittee to help remove obstruction to Housing Development.

Community Organization:

20 Citizen District Councils
Over 100 Active Community Organizations
Over 50 Active non-profit Housing corporations which include Church and Civic organizations.

Public Involvement

Detroit Housing Commission.—Since 1969 the Detroit Housing Commission has developed approximately 1,000 units of public housing and have under annual contributions contract, in the process of development another 1,000.

Also under its direction the 221 non-profit Housing corporation has been formed that has received from the City of Detroit a \$100,000 seed money loan for the purpose of rehabilitating and developing housing for low income families.

Detroit Community Development Commission.—Has over 200 acres of land that is now or will be available for housing development within the next two years—through its Urban Renewal Efforts.

The Urban Renewal Effort (formerly handled by the Detroit Housing Commission) was responsible for the development of over 1,500 units of low and moderate income housing since 1970.

Michigan State Housing Development Authority.—Has a bonding capacity of \$800,000,000. Which can be used as mortgage money of which a large percentage has been committed to the City of Detroit. They also provide interim financing.

Mayor's Committee for Human Resources Development.—Provide housing planning services and through one of its spin-off organization provide housing consulting, home repair programs and its non-profit housing corporation rehabilitates and sells low income housing.

Model Neighborhood Agency.—This agency through the Model Neighborhood Development corporation provides:

1. Seed money
2. Land write down funds
3. Pre-construction loans and grants for land survey, soil boring mortgage application fees and land purchase deposits.

Education

Decentralization is working in Detroit. It is not accomplishing as much as quickly as some in the community had hoped. But neither has it blown up in our faces nor caused the polarized conflict that has been the result in other places. Gradually, power is being shifted to the regions, and community groups are learning better how to deal with regional boards. Some proposals on the horizon for local autonomy hold promise for an acceleration in this direction.

The establishment in January of a 55 member Education Task Force, named by the Board of Education financed through the efforts of New Detroit, directed by one of the nations most respected educators—Dr. Laverne Cunningham Dean of Ohio State University and staffed in part by the Prestigious Citizens Research Council of Michigan promises solutions to Detroit's educational problems. The task force, within six (6) weeks of being convened, proposed the answers to the short range fiscal problems that threatened to close the schools three (3) months early. Those answers were enacted into law by the State Legislature and the immediate crisis was averted. The task force now turns its attention to long range solutions to financing education and to raising the achievement level of students.

The recent decision by Michigan's Supreme Court regarding property tax as the basis of financing schools, coupled with renewed efforts by the State Legislature to find a formula that would combine adequacy with equity indicate Michigan and Detroit may soon find their way out of increasingly prevalent school district deficits.

Drugs

Our efforts to improve the current drug abuse scene in Detroit are, significant. Public Law 92-255 of the State of Michigan, requires a *State Plan* (Alluded to previously). Local officials in the drug abuse scene and lay persons have participated in the formulation of that plan. New Detroit with its "Action Program" has and is catalyzing the local scene. The Title IV Funds mentioned earlier, are a direct result of NDI activities; the delivers of service are now formalized into a working body that is attempting to bring the issue of effective coordination to fruition; public dialogue is now underway to bring the community(s) into the picture so that we get a balanced view of the needs; the employment situation for

former users (untrained and unskilled in the main) is now being looked at from perspectives other than the traditional begging and pleading, with a fresher approach of demonstrating the fact of rehabilitation; law enforcement activities are being scrutinized more carefully and evaluation of their activities permits us to plan more rationally.

Grants already applied for give us hope for the next three (3) years, but the key to our situation in Detroit is our State and its "Plan" for substance abuse control. The entrepreneurs that have entered the field for either the fast buck or out of "Grave" concern are going to find that this is not going to be so fertile an area for exploitation or ill-formed ego-fulfillment. Planning will take precedence.

This will be enhanced even more when more reliable epidemiological data is available. NDI has contributed a substantial amount of money and time to this research effort. The issue for the next few years will be *Control Of The Problem*; not containment. With the special action office for drug abuse prevention (SAODAP) and the State(s) having literally *Carte Blanch* powers over treatment/rehabilitation monies the issues of competition and multiple funding sources should be rendered impotent. If not, the present chaos will continue.

Public Safety

In Michigan, efforts to improve crime, and control and assure justice have increased through LEAA from approximately \$1 million in 1969 to \$23 million in 1973. Detroit has received its fair share to address the crime situation. LEAA funds are being used to increase the police capability of detecting and apprehending offenders. Funds are also being used for the reorganization of the police department, administrative improvements of Detroit's Criminal Court, and, correctional reforms; adult and juvenile. The reorganization has helped the department make the best possible use of available manpower while providing more efficient administration, more economical deployment of manpower, and tighter supervision. In-service, training is also programed for all officers. Detroit Mayor and Police Commissioner reported a 14.7 percent reduction in crime during 1972 and year-end statistics showed that during 1972, all major categories except assault (8.6%) and homicides (4.2%) showed a decrease from 1971. Community involvement in the planning and implementing of crime prevention programs has been suggested to the Co-Chairman of the Detroit-Wayne County Criminal Justice Coordinating Council.

Seven additional judges have been added to Detroit's Recorder's Court, more prosecutors have been made available, and the time from apprehension to trial has been reduced to an average of approximately 90 days in an attempt to guarantee a fair and speedy trial and address part of the recidivism problem.

A citizen's grand jury is hearing testimony on top drug dealers and corrupt police officers and their involvement in the drug traffic. A major coalition of black community organizations, Congressmen, legislators and lawyers have condemned recent police actions and asked for a U.S. Congressional and U.S. Justice Department investigation of the Detroit Police Department. The organizations and leaders have also asked for equal protection and enforcement of the law in all communities, objective and impartial review of citizens complaints against policemen, and Professional Standards Department to investigate and review citizens complaints and the abolition of a controversial specialized police unit. Investigation of 27 citizens complaints has commenced. Ten (10) have been completed and reported to Detroit's Common Council. The professional Standards Department is included in a proposed new Detroit City Charter. Detroit Common Council has also appointed a nine (9) member commission to review police-community relations and recommend how citizens can become more involved in the Detroit Police Department.

Emphasis is also being placed on the recruitment of minority policemen. The number of minority policemen have increased from 5% in 1967 to 14%.

Welfare

Several positive developments began to manifest themselves recently which gave hope that efforts to address income maintenance and social problems were reaching fruition.

A Michigan Welfare Study Commission convened by the Governor published its results early in 1971 and recommended implementation of 108 changes that could improve Michigan's welfare system. 13 of these 108 changes have been made, and several related events such as federalization of the adult welfare categories effective January 1974, a 20% increase in Social Security grants, and a projected

surplus in the state budget, greatly increases the capacity of the state government to assume full responsibility for the administration and financing of the direct relief General Assistance Program now shared with the counties. Michigan's favorable revenue situation also permitted the governor to project a \$1.00 per person per month increase in public assistance grants for fiscal year 1974. Additional money for heating and utility allowances will also be channelled to many recipients under the governor's proposed formula of more equitably budgeting heating allowances based on the household record of past usage rather than family size.

Title V programs for families and children, and programs for the aged, blind or disabled under other titles of the Social Security Act, have expanded considerably in our area. Within Wayne County during the past two years, new and much needed services were developed, including a 24 Hour Emergency Service, and a 24 Hour Children's Protective Service available to the total community.

A federally chartered Child Care Coordinating Council has recently been established in Wayne County, with support from both the city and county. This Council is expected to improve the level and quality of child care.

Community Involvement

Recent city government reorganization has created a new department (The Community Development Commission) that will enhance citizen participation with regard to community services. Presently, NDI is funding 12 self-determined, Grass Roots, community based groups. Total funding is \$308,381.31.

United Community Services and the Neighborhood Service organization have geared their program thrust to assist community groups in developing self directed potential for resolving local problems. These groups act as catalysts of change in major social service institutions, as well as in their own communities. Their activities are directed at institutional responsiveness and community involvement. Their current activities include the areas of Health, Education, Criminal Justice, Child Care, City Services, Welfare, Zoning, Recreation, Drug and Alcohol Abuse, and Police-Community Relations.

III. SPECIFIC CURRENT FEDERAL PROGRAMS THAT SUPPORT IMPROVEMENTS

Employment

Our analysis show as many as 23,921 Detroiters are directly or indirectly employed by the Public Employment Program, Community Action Program, Model Cities and Neighborhood Youth program. Urban Renewal Programs are contributing to the employment of several thousands of additional Detroiters, including administrative personnel. Manpower Training Programs help thousands in upgrading skills.

Housing

HUD 235-236-221 Programs.—These programs have provided the funding for the development of approximately 14,000 units over the last 3 years. Although only approximately 8,000 units were developed as of December 31, 1972 the remainder should be under construction during 1973.

Public Housing.—The Public Housing Development program is funded by Federal dollars under the 1939 Housing Act as amended.

The Public Housing Modernization program has accounted for over \$9,000,000 of badly needed repairs to Detroit's rapidly deteriorating public housing stocks over the last two years.

The \$4,200,000 annual operating subsidy have assisted income/cost imbalance caused by the "Book amendments" that allow low income families to pay rent they can afford.

Urban Renewal-NDP (Title 1 Funds)

This program last year provided approximately \$52,000,000 for the redevelopment of blighted neighborhoods and the conservation of others.

OEO

Through the Mayor's committee on Human Resources Development provided last year \$250,000 toward our housing effort.

Model Neighborhood Program

Provided through the Model Neighborhood Development Corporation \$1,100,000 last year towards our housing program.

Education

\$17.6 million come to Detroit schools principally thru the Elementary and Secondary Education Act and Manpower Development Training.

The ESEA money has had a noticeable effect upon the achievement of youngsters in those schools where multiple services have been concentrated.

Federal fund sources have had other positive effects upon Detroit's schools:

Some of the 500 jobs provided under the PEP program have been used to hire guards for the high schools, thereby increasing the feeling of security for both students and staff and contributing to a climate conducive to learning.

Under the Education Professions Development Act, 250 aides have been trained to assist in the school building and classrooms.

Under the Economic Opportunity Act in 1971-72, nearly 1,600 Detroit youngsters participated in the Headstart Programs, thereby enabling them to take better advantage of the regular school program.

Drug Abuse

The current federal funding sources for drug treatment and prevention services are: NIMH, LEAA, OEO, Bureau of Prisons, Office of Education and HUD. Other sources of funds are Client Paid Fee-For-Service, State, County and City funds. A total dollar amount of \$7,252,154 is invested in drug services in Detroit via federally sponsored programs. Of that amount, \$648,779 dollars are state and local match shares. A new federal source, HEW, has just recently emerged with Social Security Title IV funds. However, these funds are too recent and in a state of flux to know the exact dollar amounts that will be coming into Detroit.

Public Safety

LEAA is providing \$23 million to Michigan in 1973, to improve the criminal justice system and reduce crime. Funds will be used for prevention and community relations, organized crime, police services, administration of criminal justice, corrections and rehabilitation, and juvenile problems. An increase in LEAA funds nationally will result in an increase in funds for Michigan and Detroit. Such an increase should result in increased public safety.

Emergency Employment Act funds are being used to employ clerk typists, trainee patrolmen and patrolmen for the Detroit Police Department. It is also used to employ Wayne County Sheriff patrolmen and juvenile group leaders for Wayne County.

U.S. Justice Department, Community Relations Division has been helpful in addressing the police-community relations problems.

Welfare

Some key changes in the Social Security Act over the past decade have facilitated progress in income support and social services. These include:

Significant increases in Social Security in recent years, including the most recent increase of 20%.

The adoption of the Medicare and Medicaid programs.

The forthcoming federalization of assistance to the aged, blind and disabled (to take effect January 1974).

The broadening of Social Security coverage, to include a larger number of Americans.

The encouragement to develop social services by providing 3 to 1 federal matching, and the subsequent directive to separate the rendering of social service from the determination of eligibility for assistance.

(The regulations permitting donated private funds to be considered as state funds in claiming Federal reimbursement for social services)

Community Involvement

Citizen participation is an integral component of almost all Federal Programs operating in Detroit.

MCHRD (OEO)—Employs 827 people and provides the following services:

- Medical-Dental Clinics
- Community Services Centers
- Neighborhood Youth Corps (NYC)
- Manpower Programs
- Home Services
- Educational Tutoring—(GED)
- Senior Citizen Activities

Transportation Services
Community Organization

The MNA employs 1,500 persons directly and provides services in the areas of:

Housing (Construction and Rehabilitation)
Recreation
Education
Minority Economic Development
Health
Community Services Centers

Conventional Urban Renewal and NDP provides:

Scattered site rehabilitation
Public improvements
Rehabilitational Grants (Homes)
Land clearance and rehabilitation
Rehabilitation Loans (Homes)

In the Health area:

MCHRD serves 60,000 patients per year

MNA serves 15,000 patients per year

The Hill-Burton Act enables the construction of a new Detroit General Hospital.

NIP provides for Services in:

Stump removal and tree planting
Demolition of abandoned houses and the grading and fencing of vacant lots
Environmental enforcement
Rodent control

IV. IMPACT OF PROPOSED FEDERAL PROGRAM CHANGES

Employment

As evidenced in the proposed budget, a number of programs are to be abolished by letting the legislation expire or by not asking for any future appropriations. In the case of the Public Employment Program, approximately 2,500 jobs will be eliminated, including two hundred and fifty (250) patrolmen and related personnel in the Police Department. The Major's Office of Manpower Planning will be operating at only 50% capacity. As many as 500 minority construction workers will lose their jobs and a number of minority contractors are subject to go out of business as a result of the proposed cutbacks in Urban Renewal Programs. Hundreds of jobs and many essential services will be eliminated with the dissolution of the Emergency Employment Act, and 500-600 more will be unemployed as a result of cut-backs in our Model Neighborhood Agency funding.

In total, unemployment in Detroit would be increased by 23,921 people—and this does not include persons enrolled in training programs in the private employment sector; nor does it attempt to measure the loss of revenue to the local economy.

Housing

The proposed federal cut back will effect our efforts in the following ways:

Low Income Housing Production—Loss of production during 1974—approximately 8,000 units, loss of employment approximately 1,651 man years. (based on NAHRO and National Home Builders Association calculations of 8.6 man years of employment per \$1 million dollars of construction)—\$192,000,000.

Public Housing Production

Loss of production 1974-----	1,000 units
Dollars of construction-----	\$24,000,000
Loss of employment approx-----	225 man years

Public Housing Modernization

Loss of funds based on current level of spending—\$4,500,000.
Loss of employment—40 Man years.

Public Housing Operation Subsidies

Loss of social services cut back on routine maintenance causing further deterioration of Public Housing.
Loss of Funding—\$4,200,000.

Urban Renewal NDP

Loss of monies for NDP areas alone \$12,000,000.

Loss of conventional urban fund groups \$4,400,000.

Loss of employment 181 man years. (based on NAHRO calculations indicating that for every 1 million dollars of funding, 11.03 jobs are generated).

Model Neighborhood

Loss of fund used to stimulate housing production \$1,100,000.

Indirect and related services

Loss of employment approximately 2,000 man years.

The total impact

Loss of construction dollars \$236,900,000.

Loss of employment 4,097 man years.

Education

It is difficult to determine the impact of changes in federal funding at this time since final recommendations and modifications have not been announced. As an example, however, in the area of student grants, if the guidelines suggested in the February 2nd issue of The Federal Registry were to be adopted, students at the University of Detroit would receive \$65,000 less in aid in 1973-74 than they did in '72-'73.

In a speech in March of 1973, Representative Edith Green pointed out that assuming 60% of the President's request for Basic Educational Opportunity Grants were funded, a student from a family of four (4) with an income of \$10,000 and reasonable resources (Home ownership, for instance) would only be eligible for \$45.00.

The restrictions in the Guidelines suggests that a student whose father was dead and whose family income was \$5,000 would not be eligible for any assistance under BEOG if the student was receiving some income from social security.

The net result of these guidelines would be to make it appear that fewer students took advantage of the grants and that, therefore, even less money needed to be appropriate.

K-12 Education

The impact of changes on Elementary and Secondary education is equally hard to ascertain because there are no firm decisions as yet. However, it appears as though we would no longer have the categorical programs which protect the disadvantaged children.

Money could apparently be used for any purpose the school superintendent and Board chose . . . to pay off the deficit, raise teachers salaries, or build new buildings. The money earmarked for the disadvantaged, for curriculum changes, and for innovation would no longer be assured. The prospect of federal monies for education being funneled through the state is not likely to maintain the present level of support for Detroit's youngsters. In Michigan, the state has continually shown a lack of sympathy for the special needs of its urban areas and under Special Revenue Sharing we might reasonably expect that attitude to continue with, the result that Detroit would receive significantly less money than it presently does.

Drug Abuse

Several current funding sources which provide dollars for drug treatment and prevention programs may be cut out completely or curtailed by the proposed fiscal 74 budget. This is occurring just when local efforts are beginning to pay off. The program funded by OEO and Model Neighborhood which provide free treatment and rehabilitation for some 1600 addicts might well be affected. Since it is proposed to fund programs on a fee-for-service basis, many ancillary services now being provided will be curtailed.

The changes in the draft regulations governing use of Title IV funds that would eliminate use of private money for matching purposes threaten the existence of several community based drug programs. There are some five (5) local programs with combined budgets of over \$1,000,000 that may be eliminated because of this provision.

Public Safety

The loss of EEA funds could mean that essential clerical services will have to be provided by patrolmen, 150 patrolmen could be lost, administrative services

at local precincts could be curtailed and minority recruitment and training could be hampered in the Detroit Police Department. The Sheriff's department could lose six (6) patrolmen, and the loss of group leaders would minimize counseling and administrative effectiveness.

U.S. Justice Department's Community Relations Division has been helpful in addressing the Police-Community relations problems. Since the abrasive relationship between the police and minority community is a major and explosive source of grievance, tension and disorder, a major cutback in operating personnel could leave the community without an outside agency to respond to local community relations problems.

Welfare

The decision to abandon efforts to establish a totally federalized family assistance program, which would provide a floor of income for all needy families, including the working poor, is a major blow. This means that the serious inadequacies such as penalizing the working poor, in the present welfare system will be continued.

The proposed rise in the cost to medicare beneficiaries would in part undo the gain from the recent Social Security increases.

The February 1973 provisional regulations regarding social services, which were published by the Social and Rehabilitation Service of H.E.W., will have an adverse effect. Their general thrust is to restrict the delivery of social services. They construct the range of services by eliminating some completely, and making others optional which have been mandatory. The delivery of services will also be severely curtailed through a sharp reduction in the definition of eligibility, and the imposition of expensive and nearly unmanageable requirements for determining eligibility.

These restrictions will make it very difficult, if not impossible, for voluntary agencies to cooperate with government in providing services to low income people under federal matching provisions. If so, there will inevitably be a severe curtailment which will hurt poor people. The recently growing cooperation of the public and private sectors in expanding social services to poor people is jeopardized by the regulations which would prohibit the contribution of private funds to meet match requirements.

In the past few days we have sent detailed comments to H.E.W. concerning these changes in regulations. We pointed out that the working poor will be among the hardest hit by them. People attempting to support their families without welfare assistance will suffer severe setbacks. For example, a Michigan family of four with an income in excess of \$4,850 would no longer be eligible for day care. Many working mothers, who are the sole support of their families, are able to stay off welfare, or to get off welfare, because they do not have to pay for day care. If this support is removed, their marginal incomes will be insufficient to sustain them.

Community Involvement

According to proposed changes, MCHRD (OEO) funding is to be cut by \$8,000,000. This will abolish the Community Action Program and cause cutbacks in other programs including the elimination of the Health Program. The jobs of 500-600 employees will be eliminated.

MNA funding is to be cut by \$12,000,000. (Between 500-600 employees will lose their jobs.) The \$12,000,000 loss would have generated approximately \$25,000,000 in other funds. (Examples of local monies are construction and Urban Renewal funds and SBA loans to minority businessmen). It is expected that the MNA is to be included in Special Revenue Sharing.

NDP funding is being cut by \$2,254,581. New guidelines make it impossible to spend even this year's money because of new special restrictions. Detroit had planned to spend \$6,745,650 for Land Acquisition in the three (3) NDP's next year. However, they cannot be reimbursed for that much under the new guidelines.

There are presently 17 conventional urban renewal programs now in effect in the Detroit area. Six (6) of these urban renewal projects are being closed and eleven (11) will continue.

The Health services that MCHRD provides to 60,000 patients will be terminated. The MNA will no longer service patients who do not have insurance, Medicare or Medicaid.

The Hill-Burton Hospital construction program will be terminated July 1, 1973.

V. RECOMMENDATIONS

Employment

Although the overall employment in the Detroit SMSA as well as the City of Detroit, has improved slightly, it still remains at an alarmingly high level. This fact becomes particularly glaring as one observes the significant unemployment levels in Detroit and its inner-city. We recognize that many of the employment opportunities now available to Detroiters and inner-city residents are supported by federal funds making the possible loss of these jobs even more threatening—particularly with no likelihood that persons terminated would be absorbed into other employment.

Our analysis of the possible impact reveals a significant increase in unemployment in Detroit, especially in the inner-city, that would be attributable to federal program cuts. We therefore would support efforts of:

Programs that have the effect of maximizing jobs be continued. Some examples of programs falling into this category are: OEO's Community Development Program and Model Neighborhood's Economic Development Activity Programs.

That while the Federal Government is undergoing an examination of many programs with the intent of re-establishing them through special revenue sharing, consideration be given to the maintenance of present programs in order to avoid the social cost of a critical time lag.

Housing

It would seem appropriate to examine closely the negative impact of federal cut-backs and continue appropriate levels of funding to minimize the effect of transition over the next 18 months until substitute programs are developed.

Education

Although New Detroit does not have an official board position, the consensus of most universities is that the implementation of BEOG (Basic Educational Opportunity Grants) be delayed for one year or if it is implemented—in Sept. '73 it should be treated as supplementary to the existing Educational Opportunity Grants and National Direct Student Loan Program.

As reprogramming takes place we recommend that guidelines continue to guarantee earmarking of funds for the educationally disadvantaged and that they assume allocations to the urban areas equal to or exceeding the previous level of funding.

Drugs

1. Provide funds sufficient to meet the needs spelled out in the Michigan State Plan.

2. Continue the present set of regulations governing use of Title IV Funds which allows drug programs to receive three-for-one federal matching of local funds.

Public Safety

The Board of Trustees of New Detroit has adopted a resolution supporting more community initiated programs and community involvement and participation in decision making of local LEAA programs. Therefore, LEAA funds should be spent on improving police-community relations, minority recruitment, citizen support for law enforcement and community oriented projects and programs. Also more funds spent on improving other aspects of the criminal justice system, court and correctional reforms, developing or defining the role of law enforcement officers, and determining appropriate sentences for those convicted of crimes. LEAA funds should be used to pick up the Public Safety programs lost under the Emergency Employment Act.

Welfare

Our Board of Trustees has adopted a position which favors the concept of an adequate floor of income for all Americans who are in need and who require governmental assistance to meet their income needs. The goal of such a program should be to avoid the necessity of citizens living at sub-poverty levels.

We also believe that this income maintenance system should be totally financed by the federal government. It should be non-categorical so that the working poor and all other needy people will be covered on a non-discriminatory basis.

We would support continued funding of social services to the poor and the near-poor. Our Board of Trustees has said that inadequate measures to deal with problems of poverty are not only an affront to human dignity, but perpetuate poverty and dependency in a recurring cycle. The poor, and particularly their children,

should not be locked into poverty, but be given every opportunity to break out. Services which help people to maintain or achieve independence and an improved level of social functioning, certainly represent one of the soundest investments government can make. If anything, therefore, ways should be sought to expand the provision of services which help people to lead more productive lives.

Community Involvement

The following recommendations are being made in order to ensure that that voice and vote of community participations is one based on a rational; intelligent and knowledgeable basic.

A. (See employment recommendations A)

B. Grass Roots Community Groups should be provided training to increase the level of problem solving and decision-making ability in the areas/disciplines in which they are involved.

C. Community groups should play an administrative role in projects in which they are involved; i.e., approving contract-letting and the selection of key staff that operate projects in their communities, including technical consultations and advisors such as architects and attorneys. If community groups are able to hire technical advisors and consultants; and work with federal; state and local agencies as true partners; decision-making could then be a process of sophistication rather than emotion.

D. Clear roles and authorities should be spelled out in any new legislation developed prescribing replacement of present programs for community development. This should be so whether programs are administered through categorical grants; block grants or special revenue sharing.

Other Items Under Consideration

Since many specific recommendations we would like to make must first be cleared with the New Detroit Board of Trustees, we cannot reflect in this document all those we would wish to make. We would hope, however, that this sub-committee would be receptive to receiving a communication containing those recommendations following our April board meeting.

Mr. HAWKINS. Mr. Doss, we want to express a very warm, friendly welcome to you as an old friend of the members of this committee and also to very strongly commend you for the work that you are doing.

STATEMENT OF LARRY DOSS, PRESIDENT, DETROIT, INC.

Mr. Doss. Thank you very much, Congressman Hawkins and Congressman Clay. It is a real pleasure to be here with you today and a real pleasure to have you in Detroit. We are delighted that you came here to take a look at our critical urban problems here and some of the things that we are doing to improve them and some of the things that we certainly believe need continued Federal assistance to work out. We wanted to provide several kinds of information to you today.

First we wanted to talk about current conditions in Detroit in the critical urban problem areas. Secondly, we wanted to talk about current efforts to improve these conditions and next about how Federal programs relate to the efforts to improve and then about what we feel the impact will be on our ability to improve conditions if some of the proposed Federal cutbacks are carried out. Finally, we wanted to make some specific recommendations.

I might recommend that we feel that in Detroit after a number of years of struggling very hard with our urban problems that we feel we are beginning to reach a turning point and we have an opportunity at this point in time to turn, we hope, upward and begin to really solve some of our urban problems but we are at a crucial turning point and the turn can be in either direction depending on the level of resources that we have to undergird many of our efforts that are underway.

In terms of the City of Detroit we want to talk primarily about unemployment but also about education, housing, drugs, public safety, welfare and community involvement. Employment is the crucial undergird of many of our social and economic problems here, especially in Detroit and Michigan.

In Detroit in this area our unemployment has remained very high. In the late Sixties, 1965 through 1969, we were operating at unemployment rates in the range of 3.5 to 4 percent. In 1970 and 1971 we began to climb to 8 percent, and in the last year we have averaged about an 8 percent level of unemployment. In July of 1972 our unemployment was 10 percent, it dropped down to 6 percent in December and 6.2 percent in January.

This continues to be a very crucial problem for our area. In our standard metropolitan area of Wayne, Oakland and Macomb Counties unemployment today is 10.2 percent and this is 107,000 out of 1,700,000 workers. In Detroit it is 10.8 percent or 71,000 of our 658,000 workers.

In the inner city of Detroit, which is roughly the Grand Boulevard but beyond that in some areas where there are heavy concentrations of poverty, our unemployment is 1 out of 21.6. One out of every five persons seeking a job cannot find work and this is 68,000 people.

Mr. CLAY. Thirty-five percent up until recently?

Mr. Doss. Yes, it was. That was back in July, Congressman, when we had that 10 percent unemployment rate in the area and it is now at 21.6 percent because of a decrease of about four points.

Mr. CLAY. Does that indicate that the people who were unemployed are now working or does it indicate that a lot of the unemployment benefits have run out?

Mr. Doss. Probably a combination of both plus some students who where in the labor market in July being back in school at this point in time, going back to school perhaps because they could not find any employment.

Mr. CLAY. So it does not say there are more jobs available now, more people working, just that the number of people being counted has decreased?

Mr. Doss. There has been some expansion in jobs. We do not have the exact breakdown of how to break apart that 4 percent. Some of it could be attributed to some upsurges in the availability of jobs in the community in the last 6 months but some of it certainly represents people who have exhausted their unemployment and now are on general assistance or who have no source of income today—a combination of both. But the situation as you can see with 21 percent in the inner city and 10.8 percent in the city even with those gains is still a critical situation and much needs to be done about it.

In addition, unemployment is unevenly divided between groups of workers. Of the unemployment in the inner city, 31,000 were non-white. This represented 83 percent of the unemployed although non-white are 76 percent of the city's work force. Seventeen thousand were women. Again here the unemployment is unequally distributed. Women are heavier hit than men generally, and 8,000 were youth. Nine percent of the inner city work force is youth but 23 percent of the unemployed are youth. So the youth are disproportionately hit when there are too few jobs.

-- We also found that it is not by any means a matter of matching available jobs with improved skills, it is simply a matter of having too few jobs. There are 107,000 unemployed looking at the Chamber of Commerce figures, the newspapers and the survey. To match these 107,000 people begins at any time so it is not just a matter of retraining people and having retrained people fill jobs for which people had no skills for before, it is a matter of too few jobs in the area.

So in summary we say about the unemployment that trend is up, that it is unevenly divided, it hits young women more than others. There are two few jobs. They are 75,000 jobs short and we ought to have 75,000 new jobs.

Moving to housing which is another critical factor, our Detroit population is a little over a million and a half and there are about 458,000 families in Detroit. Of these 151,000 are low income families under \$6,000 per year. We have 91,000 housing units that are within the economic means of low income; that is, they are priced so that low income families can afford them. Of these, 59,000 units are substandard in terms of the adequacy of the housing unit itself and these 59,000 units need to be substantially repaired or replaced.

Now 49,000 of the 59,000 units are occupied by our low income people so we have 49,000 people living in units that need to be replaced or repaired and another 10,000 people who are living in units that need to be also replaced or repaired.

In the area of education we have the fourth largest public school system in the Nation, 285,000 pupils, 65 percent black. We have 43 percent black faculty in our school system. Our seventh graders rate second from the lowest in the State. In 1970 and 1971 we spent about \$757 per pupils and that was eight of the ten largest cities in the Nation and one of the ones on the lower end of the spending per pupil in the school systems in the tri-county area. In addition, we have 27.4 percent of our high school age students who are not attending public or private schools in the Detroit area. We have crucial problems in education.

In the area of drug abuse it is estimated that we have 40,000 drug addicts, heroin addicts in the Detroit metropolitan area. Drug related crime in 1970 and 1971 were up 206 percent from prior years. We now have 85 treatment agencies operating; 95 percent of them involve methadone treatment, the others involve a whole range of other treatments. There are about 6,000 people receiving treatment and about another 3,500 in the metropolitan area—about 10,000 in total.

Drug education programs are not working effectively in Detroit nor in other places across the Nation and the many cases it is felt that existing drug education programs actually lead young people into addiction as opposed to keeping them out of addiction.

In the area of public safety Detroit is fourth in the nation in its major kinds of crime rates. Crime is the number one concern of the Detroit community, both whites and blacks, in terms of significant problems that need to be brought under control.

Police community relations in Detroit today are as bad as they were in 1967.

We had 589 homicides. Although this is not the highest in the Nation it is a high rate and our drug related crimes continue to mount.

We have had in the crime area some fairly consistent reductions in

the numerical statistics with respect to crime over the last 18 months but in spite of these consistent reductions we will have an extremely severe problem.

In the area of public welfare we have 144,000 public welfare cases in Wayne County, up from 50,000 in 1967, a threefold increase in the last 5 years. These 144,000 welfare cases provide income for 377,000 people and two-thirds of them reside in Detroit. The 1972 costs were about \$300 million with an additional \$60 million in food stamps. In addition to those 144,000 families on welfare, another 135,000 benefited from social security.

In the area of community involvement we have in Detroit an all time high today in citizen participation. We have a decentralized school system with regional school boards. We have 20 citizens' district councils in urban renewal development programs, 108 member citizens on four model neighborhood area boards, 4 MCHRI or OEO target areas advisory committees, 9 member consumer committee in the MNA health program, grassroots represented on the board of New Detroit program areas and a number of other programs in which we are getting for the first time now a new and much higher level of community participation in the decisionmaking.

Mr. CLAY. Still pretty nominal.

Mr. Doss. Probably true, Congressman, but substantially higher in terms of people participation and the democratic process than it was 5 years ago.

So that is the state of Detroit now. Critical problems in our major urban program areas, employment, public safety, housing, welfare. The only place in which we seem to be moving vigorously ahead is the one point that the Congressman and I just exchanged on and that is the area of community involvement where there have been some real gains.

I want to talk briefly about some of the positive things that are beginning to happen that could lead us in the positive direction from the turning point where we are if we continue to get an adequate level of Federal program support for some of these efforts.

We have to deal with our problem of unemployment and the lack of jobs in the area. We have launched an action program against unemployment which involves the Governor, the Mayor, the Detroit Renaissance, the Chamber of Commerce, the UAF, the AFL-CIO, the teamsters and a whole host of community people and others in six task forces that are attacking the basic problems that have made the Detroit area a less competitive area than other areas in the country such as Atlanta which is really skyrocketing in terms of its business and job growth. Even Chicago which has similar characteristics to Detroit is moving ahead much more vigorously in terms of business and job growth.

So we have launched several task forces to deal with specific problems that must be overcome to help us do better in this area. There is a very high level of physical construction going on at this point in time which has a potential, if continued at that level, to help us relieve our job shortage problem.

In the housing area there is a new high level of private involvement. In New Detroit the number of developers, planners, bankers and a whole host of nonprofit community housing development corpora-

tions are working toward solutions to the housing problems. In the public sector the Detroit Housing Commission and the Community Development Corporation, the State Housing Development Authority, the MCHRD OEO program and the Model Neighborhood Agency are all working in some vigorous efforts to begin to try to resolve the minimum and low income housing problem.

Mr. CLAY. You might want to take MCHRD and OEO out of that because if these hearings are not successful there may not be any component. That is an optimistic projection.

Mr. Doss. The point we are making here, Congressman, is there are things that are beginning to happen that can begin to turn the city in the right direction but if the programs are cut then the potential for these things is going to be eliminated.

Mr. CLAY. That is the point I was struggling for.

Mr. Doss. Thank you.

EDUCATION

We have a decentralized school system with a heavier level of curriculum and personal decision, a 55 member education task force which has worked successfully with the board to solve the short-range fiscal crisis with the board and the State legislature and is beginning to work now on the long-range fiscal problem. This same educational task force will be working on organization and management problems of the school system and on the entire educational program of the delivery system of the school system moving toward, we hope, a very substantial level of improvement in the school system and we are also moving especially at the State level.

More leaders in the legislature are moving very directly toward statewide tax reform to provide a new system to undergird financing of our education. In addition, our State supreme court has declared the present system of financing unconstitutional and has asked the legislature to seek a remedy to it.

In the area of drug abuse there is a comprehensive survey going on now to really sharpen up the identification of what our problem is. The State is attempting to develop a comprehensive State plan. The exploration and rehabilitation and job placement programs for drug addicts is beginning to move at a pretty vigorous pace. In the area of public safety there is an increase in the public resources available. There is improvement in law enforcement agencies. Seven judges have been added. There is a citizens' grand jury dealing with problems of corruption and drug traffic. There is a new neighborhood coalition of citizens, legislators and lawyers which is community groups which are trying to look into the problem of police-community relations. There is a city commission working on the problem of city police. There has been an increase of from 5 to 14 percent in minority policemen since 1967.

In the welfare area there is a Welfare Study Commission Report which is beginning to implement some of the recommendations. There are additional moneys under present programs for social services. There is a new program of a 24 hour emergency service for welfare clients. There is a new program of children's protective service, 24 hour, and there is 24 hour child care again under existing programs.

Community involvement is assisting in doing more to involve community groups than the efforts that have been made so far. New De-

troit is funding a number of community organizations. The New Development Commission is strongly supporting citizen participation and the citizens in this area are acting on a wide variety of programs—safety and health, drug abuse and alcoholism. So those are signs that give us some hope for moving in the right directions of those programs that are undergirding them and here the programs can be continued.

In the employment area the Emergency Employment Act or the PEP, program is supporting several thousand jobs in Detroit at this time where the unemployment situation would be worse than it is—although it is already quite critical—if that program did not exist. The manpower training programs are helping many people in the community to find jobs. Urban renewal programs are helping in the housing area and other areas to find jobs for people. Our Neighborhood Youth Program is another critical program that has been extremely valuable for providing jobs for young people in the summers in the Detroit area.

In the housing area 235, 236 and 221 programs have provided for about 14,000 units in the Detroit area and about 8,000 of those units have been completed at this time and another 6,000 are in the pipeline. In the public housing area there is about \$9 million available for repair of housing and another \$4 million available for rent subsidies.

In the urban renewal area there is about \$52 million for conservation, blight and redevelopment which is also quite questionable at this point.

In the education area the Elementary and Secondary Education Act provides \$17 million in Detroit and 500 jobs are provided to the school systems by the PEP. Two hundred fifty aides are provided under the Education Professional Development Act and there are funds for 1600 young children in the Headstart program in the education area under current programs.

In the drug abuse area there are \$6.5 million under current programs available in the Detroit area for drug services and under the Title 4 matching grants program. The 3 to 1 match against private or public funds, there is about seven-tenths of a million dollars that is presently committed to community based drug programs in Detroit.

In the public safety area the Law Enforcement Administration Program is up now from \$1 million a couple of years ago to \$23 million. The Emergency Employment Act helps in this area by providing about 500 jobs for law enforcement personnel. The U.S. Labor Department has programs that aid in the training of ex-offenders and hardcore unemployed people. The Justice Department assists through its community relations efforts and that is kind of a vital assistance given the dire nature of the community relations situation, the police-community relations in Detroit.

In the welfare area there has been a 20 percent increase in Social Security benefits. The increased cost of the medicare and medicaid programs, there has been increased benefits in medicare and medicaid, expanded Social Security coverage in terms of eligibility and very importantly the 3 to 1 social services match as provided under a much higher level of social service programming.

In the area of community involvement, Community Action Programs under OEO, the Model Cities, Neighborhood Youth Corps and

a whole variety of others have helped us to employ about 24,000 people, including the 18,000 summer jobs in the Detroit area. There are other items on community involvement. MCHRD and Model Cities, both of these organizations are rendering a whole network of important and vital services to the community.

Moving from the Federal programs now that are undergirding our ability to improve conditions I would like to talk briefly about the impact that some of the proposed cuts will have on our ability for the city to move in the right direction.

First of all as we understand it the termination of the Emergency Employment Act program will terminate at least 2,500 jobs. Manpower planning will be reduced 50 percent of its present level, hundreds of minority construction workers and thousands of construction workers will lose their jobs and total unemployment in the Detroit area will be increased by 23,900 plus about 4,000 who will lose jobs in the construction industry if the housing programs are not continued. Here is our 4,000 manyears with the loss of \$236 million unit production loss in 1974 of 9,000 houses that were completed or are in the pipeline for completion if the proposed cutback freezes are actually carried out in the housing area.

In education the guidelines for aid to students are being tightened and that means there will be no earmarking of funds for students, a lack of money for program innovation and many of the gains we have begun to make in spite of our low achievement standing relatively in the Detroit area, we have begun in the last couple of years to turn that around and make some minor gains, minor movement in the right direction. Much of that is related directly to the money that is earmarked for disadvantaged students, and the cutting out of that will greatly impair those kinds of gains.

In the drug abuse area the changes involving the private match will eliminate about a million dollars worth of funding and wipe out five local community based programs. In addition, many of the other programs that exist presently under the proposed legislation will be extremely curtailed in terms of the services that can be rendered.

In the public safety area the loss of EEA funds will curtail police training, and the Community Relations Division which has been working to help resolve the community-police relations problems will be discontinued. In welfare the working poor will be penalized. A rise in medicare to negate Social Security increases and the 1973 regulations would curtail Social Security services very significantly.

In the area of community involvement, the cuts in the MCHRD program, the OEO program, would eliminate 500 jobs. The cuts in the Model Neighborhood Program would eliminate 500 to 600 jobs. The neighborhood cuts would eliminate a great number of local community development and housing projects.

Health services, the 60,000 people would be terminated in the MCHRD program.

So those are some of the kinds of impacts that we see that would very severely impair our ability to our turning point in the positive direction.

Here are some of the recommendations we have in terms of some of the things that we would hope would happen, the kinds of program cuts that now seem to be coming along.

First of all we feel that with our critical unemployment situation that we must continue and strengthen all programs which will maximize the continuation of existing jobs and the creation of new jobs.

In connection with our housing problems we feel that present programs should be maintained until new programs to replace them can be developed so that we don't have that severe blow to the development of the needed low and moderate income housing and so that we don't have that related loss of jobs in the housing construction industry.

We feel that the new Higher Education Assistance program should be delayed because it threatens to provide less support for college students than the present program, that we should continue and expand the necessary Elementary and Secondary Education Act which will help disadvantaged students, that we need to provide for a much higher level of community participation in the Law Enforcement Administration Agency programs that has now provided—this is one area, Congressman, where the community involvement has been notoriously weak and that is on the councils at the City Council level and the state level that govern the expenditures that come into the LEAA programs in Detroit.

Mr. CLAY. Can you tell us what they did with the \$23 million they got from LEAA?

Mr. DOSS. Much of the money was spent on equipment and hardware and in service training.

Mr. CONYERS. What about the million dollar study on reorganizing the police?

Mr. DOSS. We have spent about \$8 million. A \$200,000 study was made to improve the operations of the Department and as a consequence of that study about \$8 million of LEAA money has been spent to implement some of the improvements of a variety of new computer systems and new methods and equipment and techniques.

Mr. CONYERS. It was a \$200,000 study?

Mr. DOSS. The \$200,000 was at least the starting money. There may have been money started from LEAA. The money I am speaking of was the \$200,000 that New Detroit put in to start the effort. I think there was other money that came in.

Mr. CONYERS. As I recall there was about a million dollars spent on setting up the reorganization of the police.

Mr. DOSS. That may well be an accurate figure. I don't know how much.

Mr. CONYERS. We are examining LEAA. The whole program is up for very careful scrutiny this time.

Mr. DOSS. That is excellent. We certainly support a careful review of that program.

Mr. CLAY. How much of the LEAA money went for hardware?

Mr. DOSS. I don't have the exact figures but we can provide them.

Mr. CLAY. Do you know the type of hardware that was bought? Did they buy any flamethrowers?

Mr. DOSS. I am not sure of that.

Mr. CLAY. Hand grenades, tanks?

Mr. DOSS. We know there was one or two police helicopters that were purchased with some of the money but we could probably provide you some detailed information on that.

Mr. CLAY. Thank you.

Mr. Doss. We think that more of the LEAA money should be spent on court and credential system reforms. We also think that if the Emergency Employment Act funds are cut out that LEAA money should be used to replace them in terms of providing better law enforcement services to the community.

In the welfare area we are disappointed that there does not appear to be any action going on in the Family Assistance Program at this point in time because there is no question in our minds but what a uniform national floor for public assistance is required to begin to help turn around the problems of the families on welfare. We also think that the thrust in the last couple of years to provide a much higher level of Social services to families on public assistance must be continued and expanded and not contracted and curtailed as seems to be the case in the present guidelines.

We think in addition that in terms of our community involvement, to make that much more effective, that our programs and guidelines—whether we are talking about national programs or programs that share revenue with local communities—that the guidelines that cover those programs should provide much more assistance and support to help train and develop community groups in terms of their ability and capability to operate as effectively as possible.

There should be a heavier level in the same kinds of guidelines. There should be provisions for heavier levels of community involvement in administrative capacities in terms of overseeing the local programs. All new programs should have clearly defined roles in designations.

We think finally that we should continue the present program with Title 4 funds. We are especially concerned again about those regulations that would restrict the categories of services that could be provided under Title 4 and also those regulations that would prevent private sector money from being used to get the 3 to 1 matching of the Title 4 money for such programs as the community based drug programs that we are trying to develop in Detroit.

Finally, there are a number of other kinds of recommendations that we expect to make in the near future. Our board is going to give further consideration to the kinds of issues we are talking about today at our April board meeting. So if the committee would like, we would be very pleased after we make some additional specific recommendations to forward them to the committee for your information.

Thanks very much. That concludes the remarks that I have to make.

Mr. HAWKINS. Thank you, Mr. Doss, and Father Carron, for a very excellent presentation. Time really does not permit any questions, but I was going to suggest to you that the committee will have under consideration in the next few weeks the drafting of alternative proposals that will hopefully save the program. We are very impressed with the recommendations which were made beginning on page 30 and continuing through page 33.

The Chair would like to request, if possible, that you or some representative from the New Detroit, Inc., organization sit down with us and help us to draft such proposals which we will be involved in in the next few weeks. I hope that that would be possible.

Mr. Doss. Thank you very much.

Reverend CARRON. Mr. Chairman, may I submit for the record or read into the record a statement of a very prominent businessman in

our community who is a member of New Detroit who could not be with us but who wanted to make a very short statement?

Mr. HAWKINS. Without objection, so ordered.

Reverend CARRON. Shall I read it?

Mr. HAWKINS. It won't be necessary. Actually the time has elapsed and we are trying to conserve as much time as possible. We will, without objection, enter all of the statements that you care to present to the committee in the record at this point.

(The statement of Stanley Winkelman, President, Winkelman Stores, Incorporated, and past chairman of the Board of New Detroit, Incorporated, follows):

STATEMENT OF STANLEY WINKELMAN, PRESIDENT, WINKELMAN STORES INCORPORATED, AND PAST CHAIRMAN OF THE BOARD OF NEW DETROIT, INC.

As past chairman of New Detroit, Incorporated, and as a concerned citizen and businessman, I regret that I am not able to personally express to the members of this hearing body my concerns about the proposed federal budget for fiscal year 1974, and the implications therein for Metropolitan Detroit.

However, I do appreciate and value this opportunity to convey to you my personal hope that the Federal Government will do all it can to support and extend local efforts to improve social and economic conditions in the city of Detroit.

It would be unfortunate, indeed, if Detroit were to suffer increased levels of unemployment and therefore a general increase in other problem areas and community tensions as a result of a reduction in the total resources available to combat critical social problems. This would be a particularly disturbing action at a time when it appears we might be about to see some of the fruits of our labors over the past five and a half years.

Although we cannot paint a glowing picture of optimism in regard to the rebirth and revitalization of this country's major urban areas, we at least have some positive indicators in Detroit that suggest we may be on the threshold of better things to come.

To cite a few examples, economic indicators suggest that business and industry seem to be regaining some of the composure and stability we've hoped for in recent years. We have also had some rather encouraging reports of decreased crime rates recently, and we seem to be moving ahead in community efforts to combat critical social problems such as drug abuse.

To many who have not been directly involved in efforts to improve these conditions, our concerns about the proposed Federal budget for fiscal year 1974 may seem unclear or confusing. But those who have worked as we at New Detroit have to find solutions to basic social problems over the past five and a half years, and great reason to be concerned with any possible erosion or termination of efforts which are just beginning to bear fruit.

It is imperative that those present here this morning give full and serious consideration to the possible effects of the proposed federal budget on local problem solving efforts, as outlined this morning by New Detroit's president Lawrence Doss. I would therefore urge you to ensure that present levels of funding in the areas of concern are *at least* maintained in the next fiscal year.

Mr. CONYERS. I think it is only fair, as a member of the Congress permitted to sit with the subcommittee, that I indicate to you how important the dialog that you have suggested is, Mr. Chairman, at the national level. Many of us are engaging the leadership people of the New Detroit Committee at the local level. As this presentation has demonstrated, Detroit is tied very substantially into the Federal pattern of domestic programs without which, as bad a condition as we are in, we would sink into the Detroit River only several hundred feet removed from this hearing.

So it seems to me very important that these observations that have been made by Mr. Doss and Father Carron be carefully considered from not only the point of view of their importance to the community

but also in terms of what tactics we develop. As Mr. Doss knows, he is talking to the people on this committee who feel very strongly about preserving and indeed expanding these programs.

We get down to the question of how we go about this both on the local and the national level, and this to me seems to be the issue. So I am very grateful for the most comprehensive analysis that has been made here today by this committee.

Mr. HAWKINS. The Chair certainly joins in that. That is why, I suggested that there be a follow through because obviously we would profit by it. You have spent several hours, I think, in developing these recommendations and I would like to see them done in a much more formal and more specific manner than we can possibly do this morning. You are doing some marvelous things in Detroit, but regardless of what you do they will not mean very much unless the national situation is changed. Unemployment is not a problem that is unique with Detroit. Inflation is not something which Detroit caused. Drug addiction is certainly not a local problem, it is an international problem as well as a national problem. These things I think should be well considered in what type of proposal we are going to present to the committee and to the Congress and hopefully eventually for the President's signature.

I thank the witnesses.

The next witness is Mr. Robert FitzPatrick, chairman of the Wayne County Board of Supervisors.

Mr. FitzPatrick, we welcome you to the committee.

STATEMENT OF ROBERT E. FITZPATRICK, CHAIRMAN OF THE WAYNE COUNTY BOARD OF COMMISSIONERS

Mr. FITZPATRICK. I am Robert E. FitzPatrick, chairman of the Wayne County Board of Commissioners.

I am pleased to welcome you to Wayne County. It is always good to see the Congress seek information on the issues that face the country, and I wish to commend your subcommittee for its demonstrated concern for the well-being of those less fortunate Americans who might otherwise be forgotten in the effort to curtail a number of important Federal programs.

It is my understanding that these hearings are on four related bills, House Concurrent Resolution 142, and H.R. 5478, 5109, and 3641. These four legislative items are complementary to one another, and all seek to prevent the administration from dismantling the Office of Economic Opportunity. I note, incidentally, that two of these four bills were introduced by Democrats, one by you, Mr. Chairman, and one by Congresswoman Shirley Chisholm of New York, and that two others were introduced by Republican members of the subcommittee, Congressmen Bell of California and Steiger of Wisconsin. I think it is a good sign that there is this kind of bipartisan support for the poverty program—I just wish it extended to the White House.

We in local government must live face-to-face on a daily basis with the terrible effects of the poverty, unemployment, inadequate health care and alienation that infect our urban centers today.

This Nation cannot afford to permit the curtailment of vital categorical programs such as the OEO, and related programs in fields such

as health and education. An already serious situation likely would become a complete disaster.

We can no longer afford to let the Federal Government force additional taxes which are never enough to resolve a problem which, in fact, is a national problem.

I have urged repeatedly at both the State and Federal levels, a greater commitment of resources to deal with the critical problems of urban areas. I have said many times that it is a tragic commentary on our times when our Government is willing to commit this country to invest billions of dollars in Vietnam, while our cities and local governments become the bankrupt battlefields of tomorrow.

I believe all of us involved in dealing with the massive problems of urban America looked on with horror as billions of dollars were poured into a war in which this country should never have been involved.

It was with great hope that we looked forward to the end of this Nation's military involvement in Vietnam. We believed that the Federal Government would redirect at least a major portion of those billions of dollars toward pressing domestic needs.

The dismantling of the economic opportunity program and the impoundment of funds which were intended by the Congress to solve other pressing problems, indicates that that shall not be if the President has his way.

I was among the thousands of spokesmen for local and State governments throughout the land who urged the enactment of a Federal revenue sharing program. The Congress enacted revenue sharing legislation which, I believe, will stand as one of the landmarks of American history.

But never did any of us dream when we fought for revenue sharing that the money was going to be made available at the expense of important Federal programs such as the economic opportunity program.

Now we find that we have become the victims of Presidential sleight-of-hand. We could admire his dexterous manipulation if it were not for the fact that it portends disaster for urban America. I am sure that, if the cities, counties, and States had known what the President had in mind, they would not have advocated revenue sharing, nor would they have accepted the revenue sharing program.

Frankly, I feel that the people of urban America have been misled, and that is a mild word for it, by the administration in Washington.

If prices go up, profits go up, interest rates go up, taxes go up. Why are we cutting back programs for those who can least afford it. Believe me, if these programs are cut back the local taxpayers will be asked, or forced, to pay for something that with the amount of money that can be raised will resolve nothing.

The mayor of Detroit had an opportunity to talk with you yesterday about 200,000 or so people within the city limits who live beneath the poverty level, and the services being performed by the Mayor's Committee for Human Resources Development. If the administration succeeds in killing OEO, it will mean that more than 800 people will lose their jobs and the Mayor's Committee will lose a grant of about \$7.2 million, which is the heart of the city's antipoverty program. Important services for 200,000 people will vanish.

Everyone living within Detroit lives in Wayne County, and on behalf of the Wayne County Board of Commissioners, I want to join the

mayor in his statement that the program is an extremely useful one, which must be continued.

Even with categorical grant-in-aid programs, the city of Detroit lost 150,000 jobs between 1960 and 1970. Even greater resources should be committed to stem the flow of lifeblood out of Detroit, and, of course, that does go to big business. To eliminate those grant programs at this point in history would have a disastrous effect on cities such as Detroit.

On the other hand, not everyone who lives in the county lives in the City of Detroit. There are substantial pockets of poverty outside Detroit, and this suburban problem has been the target of Communities United For Action, which is the community action agency in Wayne County. CUFA has been active in eight outlying communities, with a total population of 235,000, of whom approximately ten percent, or 23,000, are living beneath the poverty level. Four members of the Board of County Road Commissioners are members of the Board of CUFA, and the county has worked in harmony with this organization, as it is a creation of the county.

It might be helpful to you, Mr. Chairman, if I told you some of the services being offered to the often-overlooked suburban poor by this organization. Operating through a network of six community centers, CUFA staff members have been working with youngsters, trying to help them keep out of trouble, and referring them to jobs, to training opportunities, and to other social services. CUFA has been active in manpower development programs, making it possible for people without skills to secure the skills they need to compete in the labor market. In addition, the CUFA staff has been active in the fields of family planning and community development.

The death of OEO will be fatal to the poverty program in Wayne County. CUFA is currently operating on an OEO grant of \$581,000 a year, and has a staff of 60 people. Eighty-seven percent of them are paraprofessionals, good people who have acquired real skills, but now face unemployment.

The poverty program has served another important function that should not be overlooked. It has served as a conscience in causing both the public and private sectors to evaluate what they have been doing to help those who are the have-nots of our society. It has helped to promote better understanding and cooperation between the public and private sectors.

Let me cite briefly, for example, the CUFA manpower program. A manpower board has been established, consisting of representatives of the "big three" auto manufacturers, organized labor and others. Its function is to help plan vocational training and identify job opportunities for the unemployed and under-employed in the eight "target areas." It is the kind of group that can really do a job—if it is given a chance.

We realize, of course, that the Economic Opportunity Program is not the panacea for all urban ills. Within our rather severely limited means, we have been working to develop programs to deal with other serious problems. For example, the Board of Commissioners recently established a Wayne County Commission on Aging which we believe is unique in the Nation, for we had intended to create a Department for Senior Citizens in Wayne County. Its purpose is to assist the elderly

with their unique problems in areas of housing, health care and transportation. In doing so, we counted on the availability of Federal funds under the Older Americans Act. Now, as we witness the Administration's efforts to impound funds and to cut categorical grant programs, we wonder: will any funds be available?

The potential importance of the Commission and Department on Aging is indicated by the fact that well over half a million Wayne County residents are at least 55 years old.

Let me also take a few moments to call your attention specifically to another vital categorical program which faces a sharp curtailment in Wayne County. I am referring to the PRESCAD Program of comprehensive health services for preschool, school age, and adolescent children of poor families in Detroit and Greater Wayne County.

On June 30th of this year, funding of the PRESCAD Program will drop by about \$600,000. This means the PRESCAD Clinic at Detroit General Hospital will close and some 5,000 medically-indigent children will go without health services. They will join a pool of some 44,000 eligible children who already cannot be served at the present level of funding. In this respect it is pertinent to recall that the PRESCAD Program was conceived after studies showed that health problems were a major cause of underachievement among low-income children.

Surely programs such as PRESCAD should be expanded, not curtailed to fall short of need by an even greater distance. Therefore, I take this opportunity to urge passage of House Resolution 708 which was introduced by Congressman Edward Koch and would extend the grants of PRESCAD and the equally important maternal and infant care program in Detroit and Wayne County for another five years.

We all know the theory expounded by the President in his plans to cut categorical programs and replace them with revenue sharing grants. He has said that responsibility and flexibility should be returned to local government in terms of dealing with local problems. But there is a tragic flaw in that theory. The flaw lies in the assumption that the mere replacement of categorical grants-in-aid with revenue sharing is enough. The facts of life in urban America indicate quite differently.

As Mayor Gribbs noted yesterday, the City of Detroit has a deficit that outstrips its revenue sharing allotment by many millions of dollars. I am sure that is the case in most other major cities.

Wayne County Government, with a budget about one-half the size of the City of Detroit's faces a similar problem, though it is not quite so extreme at present. For the second year in a row, the Board of Commissioners has been forced to prohibit the filling of vacant positions by departments in order to maintain some semblance of a balanced budget. Prospects for avoiding a deficit over the next few years are bleak because costs are mounting much faster than revenues. Not the least of our problems is the fact that the revenue sharing allotment we actually received was nearly \$4 million less than we had been led to expect by the Administration. This amounts to nearly \$20 million less over five years.

Wayne County can just barely afford to maintain its own programs without reaching out and funding a series of programs which had been started by the Federal Government, and which should remain a Federal responsibility.

With the cutback in a whole series of Federal categorical grant programs, of which the poverty program and health services are among the more dramatic examples, and with the prospect of specialized revenue sharing a distant and uncertain one, this county and this city, together with many other counties and cities, are facing a monumental crisis.

Poverty is not spread evenly around the country; the Federal Government, with its superior taxing powers, must remain the primary source of funds in the War on Poverty, for poverty knows no political boundaries. The bills before your Subcommittee are addressed to this purpose, and I commend them.

More specifically, I want to express the Board of Commissioners' support of House Concurrent Resolution 142, calling upon the President to continue the operation of the Office of Economic Opportunity; its agreement with HR 5109, which calls for continuing support for the Legal Services Program, which is well represented here by the effective Wayne County Neighborhood Legal Services Organization; the Board's support of your bill, Mr. Chairman, HR 3641, calling for a two-year extension of the OEO authorization, and finally, our total agreement with Mrs. Chisholm's HR 5478, which would prohibit the President from impounding moneys voted by Congress pursuant to the provisions of the Economic Opportunity Act of 1964. I have included with the text of my remarks a copy of the resolution in which the Board of Commissioners denounced the impoundment.

This Nation has the resources to provide both a viable revenue sharing program and to maintain categorical grant programs for dealing with the special and critical problems of our urban areas. And, certainly, the programs under consideration here today are in the first rank in terms of importance.

We hope that all four bills will be successful—and we hope that you will do us the honor of returning to Wayne County at some point in the future.

Thank you very much.

(Applause)

(The resolution follows):

RESOLUTION

(By Commissioner Silver)

Whereas, the President has impounded funds to avoid expending funds which the Congress has explicitly directed to be spent for some particular purpose, and

Whereas, such impoundment enables the President to effect an item or line veto in direct contradiction of the Constitution of the United States, and

Whereas, such impoundment enables the President to modify, reshape, or nullify completely laws passed by the legislative branch therefore making legislative policy through executive power, and

Whereas, most of the impounded funds have been from programs of vital importance to citizens of urban metropolitan areas, and

Whereas, such impoundment is disadvantageous to local government particularly hindering its efforts to provide health care, good housing and a high quality of life to its citizens; now, therefore, be it

Resolved, by the Board of Commissioners of the County of Wayne, Michigan, this 1st day of March, 1973, that the Board calls upon the President to cease the practice of impounding funds without Congressional approval; and, be it further

Resolved, that the Wayne County Board of Commissioners calls upon the Congress of the United States to exert its Constitutional responsibility to determine how Federal funds are to be spent; and, be it further

Resolved, that this resolution be transmitted to the President, the Michigan delegation in the Congress of the United States and to the executive director of the National Association of County Officials.

Mr. HAWKINS. Thank you, Mr. FitzPatrick. I find your statement very excellent and to the point and I appreciate certainly your offering specific recommendations.

I think there are a few questions.

First I would like to ask you to comment on what I think you have already referred to in this statement and that concerns what the President has put forward as the reason for his precipitous actions without public discussion—that is that he wanted to return the power or the control to local people.

It seems strange that here in Detroit we have heard from the mayor of the city and today from you as chairman of the county board of supervisors and both of you reject that theory. You are certainly representative of the local elected officials yet you apparently feel that this action is not one of returning any real power to the local people but one of adding extra responsibilities to you without adequate Federal involvement. Would you care to comment at least on that issue?

Mr. FITZPATRICK. Let me say, Mr. Chairman, of course the revenue sharing program we think is a viable program. We certainly needed the money and it was in broad categories that we could expend it. I think individual urban communities have different problems although throughout the country many of them are the same, and I guess it depends on how you go about attacking those problems. I think that the categorical grant and aid programs in many instances are restrictive to some extent but if you eliminate those programs and that amount of money that is at least attempting to attack these programs. I am not saying that they are doing a sufficient job but that eliminates probably half the amount of money that is going into the war on poverty as such. If you take that away, I think that what we are confronted with in this country is utter chaos and hopefully that we have enough alienation in these urban communities and centers across the country—I think that this will just heat up the fire.

I think that the job that is being done now with the moneys that we have is really not getting it completely done. We are just scratching the surface. What we need are additional funds. I don't care if it is in revenue sharing or categorical grant programs, we do need the money.

Mr. HAWKINS. Thank you very much for that forthright answer.

Mr. CONYERS.

Mr. CONYERS. Thank you, Mr. Chairman.

I want to commend our County Commission's chairman, Mr. FitzPatrick, for his excellent presentation and wonder with him if there are other members of the congressional delegation from Wayne County that are turned in on the problem as you see it with the Board of Commissioners.

Mr. FITZPATRICK. Well, Congressman, we are attempting to contact those other county Congressmen and present our problem to them either by mail or hopefully if they are in town we will attempt to get ahold of them. I would certainly hope that the entire Wayne County congressional delegation is in accord on these particular bills.

Mr. CONYERS. Well, I would not hold my breath on that hope too long until you verify where they may or may not be. I am not trying

to speak for them. I have enough trouble speaking for myself without having to speak for other members of the Michigan delegation. Let me ask you, what about the Governor of the State of Michigan; where is he on this question?

Mr. FITZPATRICK. Well, let me say that he has remained quite silent on this particular question and I would certainly hope that he would speak out on it. Certainly it is going to cost the state millions of dollars if in fact the President has his way, and I think that this particular issue transcends all political partisanship. I would hope that we would hear from the Governor.

Mr. CONYERS. I think this is important, Mr. Commissioner, because one of the great myths that this subcommittee is unraveling is that somehow these programs are designed only for the black and the urban poor when in truth there are great numbers of white poor in the suburban and outlying parts of the city, and in the city itself for that matter.

Mr. FITZPATRICK. That is very true.

Mr. CONYER. Nationwide, the majority of recipients of OEO CAP services are white. I think once we begin to destroy this mythical race concept, this ethnic concept about this legislation, then we will be in a much stronger position in the Congress to support the kind of legislation that this subcommittee is investigating.

Mr. FITZPATRICK. Yes, I would agree with that, and we will attempt to contact the other Congressmen.

Mr. CONYERS. Thank you very much.

Mr. HAWKINS. I think apropos of the statement that there has been previous testimony before this committee that of the more than 25 million Americans officially classified in poverty, over 17 million are white. I think that should be kept before the attention of the committee.

Dr. LaVor.

Mr. LAVOR. One question, Mr. Commissioner.

If the revenue sharing money remained at the current level and there was not a decrease in funds, how many of the existing programs would you continue, and would they continue in the same way or would you have a different order of priority?

Mr. FITZPATRICK. Are you saying that if we received a total amount of moneys but eliminated the categorical grant-in-aid programs?

Mr. LAVOR. Would you continue all of them?

Mr. FITZPATRICK. Yes, we would have to continue them, sir. You know, we have many problems here. How we would continue them, that is another question.

Mr. LAVOR. That is what I am asking.

Mr. FITZPATRICK. We have never been confronted with that yet because we have had Federal guidelines. If somebody said, "Here is the money for a specific program," then we would in fact with our staff decide on how to resolve it and I would think generally on the lines that we are doing now.

If we lost the funds, of course then we would have to begin to eliminate some of the services that we are presently giving.

Mr. LAVOR. My question was, given the concept of local control, given the concept of decision-making on the local level, if money be-

came available, what programs currently in effect would you keep? Are there some that you would discontinue?

Mr. FITZPATRICK. Yes. I think we would probably make a complete analysis of the present ongoing programs in those various areas where we now have categorical grant-in-aid programs and see which ones are working and which aren't. In fact, we may decide to put more money in one program than the other. I would think that money had to be specifically earmarked for that job because I am sure there are different points of view in all legislative bodies. Some people may feel it should go into law enforcement, some in the courts. I would think that if we got that money with some of the strings reducing the categorical grants-in-aid program that the money would have to be specifically earmarked for poverty.

Mr. LAVOR. One last question. Given the limited dollars that are available, what programs will the county continue under the poverty—

Mr. FITZPATRICK. Well, the county has gone on record, the Wayne County Board of Commissioners, that the most important area that we are concerned with in fiscal 1972, 1973 and hopefully beyond is health care services to those residents of Wayne County that require them.

Mr. LAVOR. Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. FitzPatrick, again we wish to thank you for a very excellent statement.

Mr. FITZPATRICK. Thank you.

[Applause.]

Mr. HAWKINS. The next witness is Mr. Mel Ravitz, the President of the Detroit Common Council.

Mr. Ravitz, we welcome you to the committee and we greatly appreciate the opportunity of hearing from you. Your written statement will be entered in the record in its entirety. You may proceed either to read from it or to summarize it, as you so desire.

STATEMENT OF MEL RAVITZ, PRESIDENT, DETROIT COMMON COUNCIL

Mr. RAVITZ. Thank you very much.

Chairman Hawkins, Honorable Congressmen, I am pleased to be here this morning to testify about Federal aid cuts as they affect the City of Detroit and Southeastern Michigan and the other cities of the country.

I would also like to add my welcome to that of Chairman FitzPatrick to the City of Detroit and to the County of Wayne.

I would hope that your committee hearings here and elsewhere will justify the confidence that so many of us here in Detroit have in congressional action. Actually, the hearings deal not only with the matter of Federal cutbacks, more fundamentally they deal with the major problem of our society and that is the future of our cities. They, the cities, are the real target of the proposed Federal aid cutbacks.

President Nixon must not be allowed to turn America away from its concern for the country's cities where most of the poor and minorities live. To permit this would be a shameful waste of many lives. It would curtail America's social and economic potential and would

deny basic values which remind us of the kind of Nation America ought to be.

For over 10 years, this country waged a terrible undeclared war in Indochina. That war, from which we are just now withdrawing, was continued for the last 4 years by the President to achieve what he called "peace with honor." Thus this Nation sacrificed many thousands of lives and billions of dollars to maintain the national honor.

During this same period, this Nation has been waging another war which we solemnly declared in August 1964 the war on poverty. Now the President wants to surrender in the war on poverty by impounding congressional appropriations for it and other urban programs. If the President is allowed to surrender this Nation to poverty, we will have lost national and individual honor.

The war on poverty is part of a 40-year program of national investment in the American people starting with the New Deal which in turn came out of a much longer American effort to create a society in which a person's life chances are not dependent on family wealth or social class. To cut the Federal categorical anti-programs would be a severe blow to the poor and to the cities and would stunt the life chances of many people, thereby further polarizing America by turning our cities into little more than reservations for the old and for the poor. If this is allowed to happen, the America which millions worked so hard to create and fought so hard to preserve will no longer exist; America will have lost both its honor and its soul.

Reasons given for the proposed cuts in the categorical programs make it very clear that America's urban poor will bear the major cost of the war in Vietnam and of our present international financial problems. The war caused huge Federal deficits, it also caused extremely high inflation, from which we are suffering now, and an international financial crisis.

The President is unwilling to cut the defense budget or to propose much needed tax reform. He is therefore forcing the poor to solve his financial problems by cutting back Federal categorical aid to cities, where most of the poor live, by promising special revenue sharing some time in the future and leaving a cruel revenue gap in order to fight inflation. This is destructive fiscal planning.

The proposed cuts will fall particularly hard on the people of Detroit. We are, Mr. Chairman, as you may know, already taxing ourselves to the limit allowed by law and our charter and at a rate which is the highest in the State for general government. Even at this crushing level of self-imposed taxation, and with the existing level of State and Federal aid, we are hard pressed to maintain a bare minimum level of municipal services. If Federal aid is reduced, we will have to cut even our present meager services.

We will be presented with some very cruel choices. The largest part of the cutback is in aid to improve our sewer facilities; we will probably have no choice but to postpone sewer improvements until Federal aid is resumed, thereby continuing to allow Lake Erie to remain a polluted national disgrace.

Mr. CONYERS. Does that have suburban as well as urban?

Mr. RAVITZ. That affects everybody in southeastern Michigan and more.

Some of the funds that are being cut have been used to hire as many as 18,000 young people to work for local government during the summer, giving us needed help and giving our young people important work experience. How can anyone possibly believe the President's work ethic slogans if he cuts this work program?

Other funds have allowed the city and the school board to hire over 2,200 unemployed people to work in all phases of city government, filling ordinary jobs which we couldn't afford to fill with local revenue. If Federal funds are ended for this program, we will experience serious cuts in almost every city service.

The remaining Federal cuts fall squarely on programs oriented toward our most needy citizens. These programs are as previous speakers have identified a variety of health, Model Neighborhood, and MCHRD activities which provide health, social services, job training, education and housing services. We are told that we have a choice of maintaining these programs with other city funds; however, with the city's present financial situation it will be impossible to maintain these services without forcing other cuts. We are like the condemned man in the old West who had the choice of being hanged or shot. We can choose to close Model Neighborhood medical clinics and MCHRD job placement services and be sick and unemployed, or we can lay off busdrivers and policemen and be immobile victims of crime.

General revenue sharing money will not help us in this crisis. Almost all general revenue sharing money—for which we are appreciative—which Detroit received was used immediately to rescue the city from a critical accumulated deficit which threatened to collapse city government. Most of the rest was used to prevent the D.S.R. from adopting a suicidal rate increase and to tear down part of Detroit's huge supply of abandoned buildings. Which incidentally was a Federal bequest to the city of Detroit through HUD.

[Applause.]

Mr. RAVITZ. The naked truth is that Detroit needs at least its present level of Federal aid, both categorical and revenue sharing, if it is to have even a chance of maintaining itself.

At present we can expect rather little help from the State of Michigan. Although the State has received substantive money from general revenue sharing, it apparently plans to use most of it to reduce taxes. In fact, because of many unfair State laws and the discrimination of many State agencies against the city of Detroit, Detroit provides through in-kind services and unfairly shared taxes, a net effective revenue grant to the State of Michigan of well over \$20 million a year. Thus, the city of Detroit, which has almost all of the State's black people, and a great many of its poor people, including the elderly, both white and black. The city of Detroit allows the State and suburban cities to keep their taxes low or to reduce them. Elimination of this kind of revenue sharing in reverse would help the city enormously. And we have been working toward that end with State agencies and with the Governor's Office to help to try to get some of that burden off our back.

The Federal Government should take four actions which would help Detroit and other central cities: One. Continuation of Federal aid to

the cities at least at its present level; Two. Comprehensive national medical service; Three. Federal income tax reform; and Four. Adoption of a program of urban incentive tax credits.

The present level of Federal aid to the cities must be continued either in its present categorical form or under some other program. It is of critical importance that this aid continue uninterrupted without a gap. Detroit needs this money now, not beginning in July of 1974. And this is the gap that particularly disturbs us here in Detroit even if and as special revenue sharing should become available in the Summer of 1974. What do we do in the 15-month interval period between now and then? Sink the entire city? Certainly we cannot do that.

Second, this country must adopt a system of national comprehensive health services. You have heard from Mr. Fitzpatrick that that area is the focal point for the country's health program, it is also high on the list of citizens' concerns. Such a system has been adopted by almost every other modern industrialized Nation. In America, much of this burden has fallen unfairly on the large cities like Detroit, who lack the financial resources to provide the kind of medical services which are needed. Complete assumption of the responsibility for health care by the Federal Government will both increase the quality of health care for the average American and also remove a heavy financial burden from such cities as ours.

Third, this country must make a comprehensive revision of our Federal tax laws. Closure of a few of the most glaring tax loopholes would achieve the threefold benefit of (1) raising enough money to pay for needed social programs without inflation, which no one wants; (2) reducing inherited economic inequalities among Americans; and (3) reducing much of the tax incentive which has produced sprawling wasteful suburban developments at the expense of the central cities.

Finally, this country should seriously consider adoption of a system of urban incentive tax credits. If people were given tax deduction incentives for locating their businesses and their homes in central cities, it would help stop the increasing division of our metropolitan areas into racial and social ghettos; it would bring jobs and tax resources to the central cities. If these incentives were adopted, the Federal Government might eventually be able to end special aid to central cities in a relatively short time, probably within a generation.

Adoption of these reforms or others like them, Mr. Chairman, would affirm, I believe, our faith in America rather than deny it as the President is proposing. If this Nation is to thrive and grow, America's traditional concern for its cities, its minorities, and its poor must not be abandoned.

Mr. HAWKINS. Thank you, Mr. Ravitz. I have several questions with respect to your statement.

On page 1, near the bottom of the page, where you say, "To cut the Federal categorical antipoverty program would be a severe blow to the poor. This seems to suggest that you are making a plea not merely for the money but also the continuation of categorical programs rather than block grants. Is that the emphasis of that statement?"

Mr. RAVITZ. No, that is not the import of the statement. I think that I can sum it up very simply in this fashion: Until we get a reasonable assurance—as a matter of fact, until we actually get special revenue sharing in the amount that will at least allow us to maintain the serv-

ices we are presently getting, we ought to continue categorical grants. There ought to be no hiatus between what we are getting now and some new pie in the sky program down the road.

Now, I have no particular problem with accepting the money in terms of special revenue sharing, allowing us at the local level to make the determination of how that money is going to be spent.

I think I would sum it up by saying: Send us the money in any form and we will do the job and it does not much matter. What does matter is that there is a cutoff period and there is going to be a gap and I don't know what we are going to do in that gap period.

Mr. HAWKINS. In other words, what you are saying by this statement is that the cutbacks have preceded the new proposals, the new program?

Mr. RAVITZ. Yes, sir.

Mr. HAWKINS. And that the new program may not become an actuality and yet the cutbacks have already become an actuality?

Mr. RAVITZ. They ought to be simultaneously timed.

Mr. HAWKINS. If at all?

Mr. RAVITZ. If at all, yes.

Mr. HAWKINS. Also on page 2, you refer to the 18,000 young people who may not be available for work for local government. Are you referring to the Neighborhood Youth Corps summer program?

Mr. RAVITZ. Yes, sir.

Mr. HAWKINS. I am sure that you are aware that the Administration has indicated that money from the Emergency Employment Act may be used for the NYC program as well. What do you think of that choice?

Mr. RAVITZ. Well, that may be borrowing from Peter to pay Paul, number one; and, number two, we don't know what the amount is going to be. We had 18,000 last year; we could use twice that amount this year; we could have used it last year. So I don't think very highly of the proposal.

Mr. HAWKINS. Also, on page 3, you suggest that the city of Detroit has had some difficulties with the State. In view of the fact that some of the proposals would actually grant control to the State as opposed to the cities in some of the funding so that there would be a State plan and the city would be required to negotiate with the State, would you think that that setup would give to you any proper safeguards of the money being returned to the local people and being used wisely?

Mr. RAVITZ. No, and I think that very correctly you put your finger on something that I did not cover. We would need to have appropriate pass-through guidelines to assure that we in the central city would receive what was a reasonable and fair amount. I would think that any such special revenue sharing would need to include that kind of a guideline.

Mr. HAWKINS. Thank you very much. Mr. Ravitz, may I just interrupt to express the appreciation of the committee for the use of this very fine facility during the 2 days of hearings here in Detroit. We certainly appreciate this courtesy.

Mr. RAVITZ. If it will deliver the money, we will allow you to have it rent-free for the next year.

(Applause.)

Mr. HAWKINS. After that, I will have to turn it over to Mr. Conyers.

Mr. CONYERS. Thank you very much.

Councilman Ravits, I think you deserve much credit for your analysis and presentation. Unfortunately, turning this hall over to us for any unlimited period of time will have no bearing on delivering the money; we wish that it would. That would be a very easy solution.

Now let us look at the witnesses that we have had before this distinguished committee: The New Detroit leadership, the chairman of the Wayne County Board of Commissioners, the mayor of the city of Detroit, yourself, and the president of the Common Council. We have had citizens' organizations testify. There seems to be a rather clear manifestation that the preservation of the programs for which Congressman Hawkins' committee is conducting these hearings has very wide support throughout the city and probably throughout the State.

Now, given that and the fact that Michigan is one of the 50 States that has congressional representation, it would seem, then, that there would be a strong burden upon the delegation to start moving on this.

Faced with the problem as you have delineated it, that there is going to be a large gap in the continuation of these services unless the Congress moves, can you give us a reading on where the Governor, the Senators, and the congressional delegation may be as far as you know? If there are any tactics being developed on the part of this rather broad group of organizations to make sure that Michigan nationally reflects the kinds of sentiments that have been expressed during these 2 days of hearings will you so inform us at this time?

Mr. RAVITZ. Through our legislative Representative in Washington, the city of Detroit has been attempting to approach congressional Representatives from the city of Detroit and throughout Michigan in this regard. I think that we have some more work yet to do to bring together the kinds of forces that you have pointed to and have testified today.

In a way, the hearings yesterday and today, I think, were very fruitful in identifying the various forces that we are going to have to coalesce to call upon other of our Congressmen than yourself and Congressman Diggs, who was here yesterday and who testified. We have not systematically done that other than that the mayor was in Washington, I believe, two weeks ago, meeting with the League of Cities and there were approaches made to other of our Congressmen.

I think that we are going to have to continue to build the coalition. I noticed just earlier this morning a letter that was received from a trade union leadership group that is going to pull together some organizations to help form the strategy for this.

I would like to ask one question on this same point, John. Is it likely, as best you know now, that if the Congress were to receive the kind of approach that I think we are unanimous in making, if the Congress were to be able to receive that kind of an approach from the major cities around the country, do you think that that would be sufficient to have the Congress turn around the President's action?

Mr. CONYERS. Well, I think that if that approach were focused upon the congressional delegation State by State, yes. This is to say that, curiously enough and unfortunately, there has been a sort of partisan flavor to what is going on. I have introduced a bill that would prohibit the dismantling of the Office of Economic Opportunity by (1) flatly prohibiting the further impoundment of funds; (2) by requiring that the acting OEO director, who is illegally in office, since he has not

been confirmed by the Senate within the 30 days required by law, be confirmed; (3) that any reorganization—i.e., dismantling—be submitted to the Congress for approval, as required by the Executive Reorganization Act of 1949.

I have only one Republican on that bill, and that is Congressman Pete McCloskey of California—if you call him a Republican; there is some debate about that.

Mr. HAWKINS. Will the gentleman yield?

Mr. CONYERS. Yes, Mr. Chairman.

Mr. HAWKINS. May the Chair announce that the bill Mr. Conyers referred to, H.R. 5398, introduced by Mr. Conyers and other Members of Congress, is before this subcommittee and will be certainly one of the first bills that we will consider. We are trying to reach the bill before Easter.

That may not be possible in view of our heavy schedule of hearings but certainly we think that the record should indicate that Mr. Conyers' bill is in the subcommittee and certainly will be one of the first bills to be considered by the subcommittee.

Mr. CONYERS. I appreciate that, Mr. Chairman.

We have 51 Congressmen cosponsoring this bill. The senior Senator from Michigan has agreed to cosponsor my legislation in the Senate. Only three Michigan Congressman are on my bill. That means, then, that out of 19 members of the congressional delegation and our two Senators, we have a lot of work to do here right in this State if the will of the people that are testifying before this committee for these 2 days is to mean anything to all.

We need an organized Michigan delegation to meet an organized Missouri delegation, to meet an organized California delegation, to meet with Congresswoman Chisholm of New York, who has introduced a bill identical to mine, to have the New York delegation move it there, and organize as many as are willing to respond to the will of the people. Otherwise, these hearings and these eloquent statements won't be worth the paper and the breath that is being expended.

In other words, we have got to focus our energy if this is the life-and-death matter that you so expertly articulated that it is.

Mr. RAVITZ. Correct, and we are going to have to leave you alone, because you are not the one that we need to persuade; we are going to have to persuade those others, who have not committed themselves. Thank you. [Applause.]

Mr. CONYERS. Thank you.

Mr. HAWKINS. Well, again thank you, Mr. Ravitz. We certainly appreciate your testimony before this committee.

Mr. RAVITZ. Thank you, Chairman Hawkins and gentlemen.

Mr. HAWKINS. The next witnesses, appearing in a panel, are Mr. Donald Sykes, director of Community Relations, Social Divisions Commission, Milwaukee; and Mr. Ernest Williams, western Dairy-land community action program, Whitehall, Wis.

Would you, Mr. Williams, be seated next to Mr. Sykes. Do you have prepared statements, either of you?

Mr. SYKES. Unfortunately, Mr. Chairman, no.

Mr. HAWKINS. All right. Mr. Sykes, we will hear from you as the director of Community Relations, Social Divisions Commission, Milwaukee. You may proceed.

STATEMENTS OF DONALD SYKES, DIRECTOR, COMMUNITY RELATIONS, SOCIAL DIVISIONS COMMISSION, MILWAUKEE, WIS., AND ERNEST WILLIAMS, WESTERN DAIRYLAND COMMUNITY ACTION PROGRAM, WHITEHALL, WIS.

Mr. SYKES. Thank you, Mr. Chairman. I would like to thank you for the opportunity to speak on behalf of the community action programs. I have been involved in the Federal antipoverty program since 1965 and, in that past 8 years, I have had the opportunity to develop the skills and experience to become the director of a \$12-million corporation, the Community Relations, Social Development Commission in Milwaukee County.

The commission employs some 2,000 people in the city of Milwaukee, most of whom have come from among the ranks of the poor and minority groups. I mention those facts because I think it is extremely important in presenting my ideas before this Committee on Equal Opportunity because I think it is because our agency and agencies like ours are among the few true vehicles for equal opportunity and advancement for poor people.

I would like to also say that we not only believe in what it is we are doing but we have demonstrated this by the kind of working days we put in—10 to 12 hours a day—by analyzing and agonizing at every opportunity how can we find a better way to attack the prejudice, discrimination, and lack of opportunity that locks poor people into a world devoid of dignity and hope.

What I would like to say, gentlemen, is that, because we believe in doing with people instead of for them, it has taken us the full nine years since the creation of the Economic Opportunity Act to come to the threshold not of eliminating poverty but of establishing the knowledge base and creating, from among the ranks of the poor, the workers with the will and determination to start attacking the problem of poverty.

Now there is an effort to throw away this investment of millions of dollars, years of experience, and, we estimate, potentially some 200,000 people across this country in terms of unemployment, of whom one-half are poor people, but most important, probably the hopes of millions of people.

I speak with confidence not only because I know that we are making a difference in Milwaukee but as a board member and the regional convener of the National Association for Community Development, I know that this same dedication and production are the rule across the Nation and not the exception.

For those of use who have been working with NACD is Community Action in this region, we attempted, a couple of years ago, to try to define: What did we mean by "community action" and what was most important about the things that we do?

I found that and we reduced that down to four principles, which I would like to share with the committee. I think these four principles are important because, as I listen to the recommendations from local elected officials, when I look at some of the proposed approaches and how I feel that the mercy of the poor people in this country, their destinies will be tied to some of the proposed legislation, I think that these four principles of community action become extremely important.

First, we decided the community action is a commitment to the elimination of poverty as a national priority. The President's budget is an attempt to transfer this responsibility of solving the national problem to local agencies. We feel that the elimination of poverty, like the freeing of slaves and protecting the rights of labor and expanding the suffrage to women, and civil rights and social justice for all the American citizens, is not only national in scope but impossible to resolve without a strong commitment of our national government, which has the resources and the ability to tap the talent to do the job.

Second, we think that community action means participation of the poor in the decisionmaking structure and in setting of policy and efforts to eliminate poverty. It has been through this participation that Head Start parents have become more active members in local school decisions. It is also this participation on the part of community action that has rid us of the erroneous notion that poor people are apathetic, because community action has proven that, given a meaningful opportunity, poor people will make valuable contributions.

The third principle we identified was that community action means employment of the people to be served. We have heard statements that people are getting fat off poverty programs or that there are failures; and I submit, after looking at programs around this country, that the cost of delivering the service through the community action agencies' network is probably dollar for dollar cheaper than delivering that service through previous delivery systems that existed prior to community action and those that existed side by side in local communities to date.

More important, though, the employment of these poor people has meant that they are no longer the wards of the local county but have become taxpaying citizens in those communities.

The final principle we identified was the fact that the community action commitment to institutional change and OEO is never provided enough money or clout to eliminate poverty, but CA's have demonstrated more effective ways of meeting the problems of poor people.

The concept of Outreach and the changes that have been brought about in some State employment offices where, prior to the Economic Opportunity Act, poor people received inadequate, if any, service at all.

The creation of paraprofessional positions that started with the poverty program and are now everyday parts of school systems and governments is another example of the kind of institutional change that has come about because of community action.

It seems to me that these principles are important, because we feel, as I have listened to some of the local officials here and in Wisconsin as well, the money situation is obviously one of a major crisis, but even the elected officials have admitted that, unless Congress identifies guidelines and earmarks these kinds of principles by legislation, the possibility that poor people will be the recipients of any money coming into these communities overburdened with legitimate problems in many areas is highly unlikely.

It is with that that I would just like to conclude my remarks by identifying three problems that I see and the way that the present administration is proposing with its 1974 budget.

Whether or not revenue identifies it as a valuable or meaningful approach to deal with the problems of poor people in this nation or not is the question that I am not so sure is the proper approach; but, irrespective of one's position on revenue sharing, it appears to me that there is no orderly planning process to enable us to transform from the present categorical funding patterns into orderly adoption of a revenue sharing plan which would give local communities greater authority over the tax dollars.

It seems to me to talk about immediate elimination as in the case of the Economic Opportunity Office by June 30 and have programs picked up sometime next year can only mean utter chaos in the local communities; and, of course, the recipient of that chaos will be the poor people who have their services eliminated during this period if they ever are again resumed.

Second, it appears to me that the amount of money that is presently being distributed by the Federal Government in categorical grants has been identified by previous local officials who will be severely diminished under the proposed amounts of money that are to come under special revenue sharing.

If I were to just look at one area in the city of Milwaukee where we estimate some \$70 million to \$75 million of Federal funds will be eliminated, if I just look at one area in manpower where we anticipate that the loss of Federal funds to the community will be somewhere in the neighborhood of 23 to 25 percent, aside from this affecting needed programs such as the Emergency Employment Act or providing services to the disadvantaged, it appears to me that the statistics on unemployment for the metropolitan Milwaukee community of having a 4.9 unemployment rate for the past two years severely distorts the true misery that the residents of the central city suffer.

We estimate that for the past 2 years in Milwaukee's inner city, unemployment has averaged 12.7 percent, almost two and a half times higher than the metropolitan Milwaukee area.

We further estimate that there are some 10,000 or more year-round inner city residents with annual earnings of less than \$4,000, plus an addition of 3,331 part-time employees who desire full-time employment. This results in a total of some 14,000 people in the central city of Milwaukee who are underemployed or unemployed, or, in other words, 23.7 percent of the inner city working force at approximately 59,000 people.

We will now look at the prospects of special revenue sharing which will force these underemployed and unemployed inner city residents to compete for revenue funds that will have to, in addition to meeting their needs, meet the needs of employed municipal employees or school teachers who have legitimate demands also for increased wages. It appears to me that, in political realities, those residents of the central city will come out on the short end of the special revenue sharing plan.

The third problem I see with the proposed budget of the President or the administration is the whole question of revenue sharing itself, when it comes to approaching social problems and eliminating poverty. It appears to me that, while to many officials revenue sharing is being sold as a panacea to ending a lot of bureaucratic control that is viewed by many as symbolically the Federal Government, but as I reviewed

some of the documents that have recently come out of the Department of Labor where the administration has attempted, by administrative methods, to adopt the concept of revenue sharing prior to legislation, the absence of congressional guidelines and determining the do's and don't's of expenditure of Federal funds appears to me to place the local elected officials at the mercy of a smaller bureaucracy but obviously a more powerful one.

If they can determine whether or not, in the absence of congressional guidelines and intent, local communities are conforming to the spirit of special revenue sharing, it appears to me that they have acquired greater authority and control, not less.

Second, it appears to me that the possibilities of attempting to monitor Federal funds spent for social programs at the local level opens itself to the possibility (1) of potential fraud and corruption; and we have been told about wasted dollars in Federal Community Action agencies. I submit that we have to examine more closely the concept of revenue sharing as it may affect this kind of thing.

And (2) it appears to me that the name of this committee, which implies equal opportunity, is my biggest fear when I look around and find it has been only a very short time ago that many of our local communities had statutory laws that required discrimination. Somehow we think that, in a short 15 or 20 years, they have miraculously changed and now we are going to see all citizens in communities get a fair shake.

Finally, it appears to me that the sole effort toward revenue sharing appears to be an attempt to turn back the clock by placing greater emphasis on protection and environment and physical development, all of which, I think, are necessary and needed, but it seems to me that we appear to be de-emphasizing social justice and equal opportunity.

Let me conclude by simply saying I feel it is essential that our Federal Government maintain control and particularly through congressional representation over how our Federal funds are spent, distributed, to assure that it is done in an equitable fashion and assure that the money collected from all of our citizens for the social well-being of this Nation be distributed to all of our citizens for the purpose of the social well-being of this nation. Thank you.

Mr. HAWKINS. Thank you, Mr. Sykes.

(Applause.)

Mr. HAWKINS. We will defer questioning you until Mr. Williams has completed his presentation. Mr. Williams.

Mr. WILLIAMS. Mr. Chairman, members of the committee, I am Ernest Williams, from the Western Dairyland Economic Opportunity Council, located in Whitehall, Wis. I am employed in the city of Eau Claire, and I am secretary of the Labor Council and a member of the board of directors of Western Dairyland from organized labor.

I am going to be quite brief, because I think many of the facts have been presented by other speakers very ably. I would feel amiss if I didn't add my support to a plea for the continuances of the programs under the Office of Economic Opportunity.

As you probably are aware, this program also reaches out into our rural area. The State of Wisconsin has 19 CAP agencies, a majority of which are rural in character. Last Friday, March 16, I appeared at

a hearing at the Eau Claire County Courthouse at which Senator Nelson conducted one of his five hearings throughout the State, and I want to assure you that the hearing room was packed, 200 or 300 people, standing room only. In fact, all of the comment from groups all over western Wisconsin was that we need a continuation.

I believe this is good. In fact, I point out that the rural areas have poor and the low-income. I realize that nobody likes to use the words "poor" and "low-income"—sweep it under the rug. I think our war on poverty has to continue.

The Community Action agencies in the rural areas comprise considerable help and advice and aid to rural agriculture, scientific advice that has raised the income level of these families. It has promoted self-help programs as far as homebuilding to update the homes of some of these farmers who had previously never even had indoor plumbing—not in direct grants but in advice and aid and help where individuals have got together and aided one another.

It has been a real shock that I, as a director for the last 15 months, saw the workings of the Community Action programs, and I was real surprised that President Nixon took this approach, seeing the humanitarian aspects of it, and then when he came out with his defense budget with huge outlays and nothing for the poor with the war in Vietnam coming to a winddown, it was still rather shocking.

These various CAP agencies in western Wisconsin and in the rural areas of Wisconsin serve the communities and through their Neighborhood Youth Program, where low-income family youth work at summer jobs working for cities, the schools, parks, and playgrounds and whatnot. We have family planning councils. We have a senior citizens council. I have figures on all this, but I don't think they are relevant. Just say that I am fully behind the program.

I am going to close my remarks; I know there are other people. I would like to read a letter that I received the other day, March 13, in reply to three letters that I have written to Congressmen and Senators in Washington.

"Dear Mr. Williams: It was good of you to let me know of your support for the Community Action Program. President Nixon, as you probably are aware, has proposed to eliminate all Federal support for Community Action activities by the end of the year. Apparently he believes that ultimately States and localities should be given the option of carrying on this program with the help of the Federal revenue sharing fund.

"I believe that the Community Action Program, along with other programs of the Office of Economic Opportunity, should continue to receive Federal funding. I have co-sponsored a concurrent resolution which tells the President that it is the sense of the Congress that the OEO, including the Community Action Program, should continue in full operation.

"Let me assure that I will give my full support to efforts to restore Community Action Programs and OEO funding as a member of the Health, Education, and Welfare Appropriations Committee here in the Senate."

This is signed "Sincerely, William Proxmire, United States Senator from the State of Wisconsin."

Mr. HAWKINS. Thank you, Mr. Williams.

May I ask you, what congressional district are you from?

Mr. WILLIAMS. From Congressman Thomson's district, and I understand Congressman Thomson is favorable—not in all respects I certainly didn't support the Congressman—but he can be leaned on.

Mr. CONYERS. By who?

(Laughter.)

Mr. HAWKINS. That was not a source of embarrassment, I assure you. Mr. Steiger is also from Wisconsin and a member of this subcommittee. I thought perhaps you might have been from his district.

Mr. WILLIAMS. I didn't get a reply from Congressman Thomson.

Mr. HAWKINS. It might be well to try to pursue that.

Mr. WILLIAMS. I will do that, sir.

Mr. HAWKINS. Mr. Sykes, I had the privilege of reading an article in The Washington Post of March 18, 1973 in which you were quoted, and the remarks that you made this morning follow pretty much the observations made by you and contained in this article.

I think that you have certainly dealt with the very pertinent point when you make the observation that revenue sharing, if it is to really be of any import and to accomplish what it is intended to accomplish, should contain the safeguards that you have indicated should be included in such a proposal—namely, communities' involvement—well, actually the continuation of Community Action.

Obviously this is not being proposed, and I would assume that you would suggest that any such proposal, if it is to be acted on, should contain an amendment to the provisions which you have discussed.

Mr. SYKES. I most certainly agree with that, Mr. Chairman. I think that, as I attempted to identify here today, it seems to me that most of the real progress in this Nation has come when it comes to major national problems such as poverty, such as problems of poor people and racial problems in this country has come from a national effort.

I think, in discussions with some local officials, many of them are leery even of the fact they are local communities, that they just cannot compete against some such organized forces again that have legitimate request before local communities, urban and rural, without these kinds of safeguards, for instance.

It is not just an urban problem. I think in rural Wisconsin, for instance, we have many people who are poor who have not received services because, in their rural areas, they have not wanted to be intimidated and identified, because they have their pride. But, because community action has involved them in eliminating poverty, they feel that they are participating and they are doing something.

These people are now receiving services that would not come or they would not receive if a professional social worker came around and tried to label them as poor people, wards of the State, et cetera.

Mr. HAWKINS. I gather from your testimony as well as that of Mr. Williams representing the rural point of view, that it would appear that the actual intent in discontinuing these programs is not so much to save money or to turn the decisionmaking over to local people but to take back from the people some of that decisionmaking and to eliminate the possibility of institutional change and to reclaim more power at some central level. Is that correct?

Mr. SYKES. Yes, I would agree with you. I think that again it is a question of values in setting priorities, and it appears to me that not

only does the present administration attempt to take away this decisionmaking authority that has begun to develop, I think that while the poverty programs themselves, as you have identified, Mr. Chairman, and Mr. Williams has identified, the majority of the people served by programs are white, I still think it is important to identify that the opportunity structure that has been created for minority representation would also be eliminated with this decisionmaking authority that is involved.

I also think it is an illusion to go back to something that never existed to say that local communities never did absolve, they have always come from the national level.

Mr. HAWKINS. Mr. Williams, do you agree or do you disagree?

Mr. WILLIAMS. I agree wholeheartedly with the statement made by the gentleman from Milwaukee, and I think that we do have a degree of selection on the local level of our programs that we want to—there are programs that we select in one area that they won't in another, depending on the problem, and I think this is good. Then we get the community involved, the people involved that want it, such as in our area; they have, in parts of Jackson County, in many very poor Indian groups, they have instituted transportation for approximately 2,000 to 3,000 in a Jackson County area and Buffalo County area, where they pick them up and they can take them shopping or to doctors and stuff like that.

Even in the area around Glenwood City and further west, there are more Indian groups. There are some ethnic groups in the rural areas also that they are serving. But we do have a real selection, and we can take what projects we want and we don't have to take all of them—whatever serves the community.

Mr. HAWKINS. Thank you. Mr. Clay.

Mr. CLAY. No questions.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. You raise the only question I have wanted to develop, Mr. Chairman, and that was: Who shares these gentlemen's viewpoints in Wisconsin? We have been talking a lot about what is going on in Michigan. We want to know if you are just an isolated point of view expressing your own right to free speech or are there some other people and organizations and members of the congressional delegation who vote that are behind you.

Mr. SYKES. I think I can attempt to speak to some of that. Unfortunately, I think, while many of the local elected officials, at least in my area in Milwaukee, are committed to the spending of Federal funding, and I think, while we have some congressional representation that is equally committed to the continuation of Federal programs, that we have not, as far as I am concerned, gotten over the full impact of the kind of Community Action principles that I think have to accompany any Federal funding if the problems of the poor people are going to be solved.

We are working on it and, at this point, we have the identified support, but we want to go a step further, move to the point of adopting some of those safeguards that could protect the interests of poor people.

Mr. WILLIAMS. At this hearing I attended with Senator Gaylord Nelson last Friday with mayors, city managers, and members of community vocational and technical education educators, all spoke and all spoke for a continuation of the programs under the Office of Economic Opportunity.

They selected various things to speak on—the manpower training, which may fall a little bit outside the CAP agencies, but nevertheless they are all part of the Office of Economic Opportunity.

Also, I think we have a problem in Wisconsin as you do in any other State. We have to try to get bipartisan support. I can assure you that Congressman Obey and Congressman Aspin or some of them practically assure that they will, plus you heard Proxmire and, I am sure, Nelson in the Senate, but here we go again. We have to get the bipartisan support.

I was happy to hear that Steiger got his name on a bill that has got some measure of hope, but there are a couple of others here now. There are a few that we can pretty near almost forget about—Glen Davis and some of them. I mean they are almost impossible to conceive.

I think we have got to go home and try to get bipartisan support. Labor at the State level, I know, supports most if not all of the programs under the Economic Opportunity Act, but I am going to approach the president of the State AFL-CIO on the way back and have a talk and see if he won't get a letter out. I am sure John Smith will oblige because I know how he feels on a lot of these things—try to get more involvement.

Mr. CONYERS. Can I leave you with one note of caution. Everybody that says they are for something does not mean that they are really willing to get out here on the line for it. You understand that, of course, don't you?

Mr. WILLIAMS. Yes.

Mr. CONYERS. All right. So that when you deal with a people's bill like this, it is really kind of ridiculous to hear somebody, in the face of the kinds of problems that we have in Detroit and Michigan, coming out and say, "Well, I am for these programs, but I want them refunded differently" or "I support the idea of people power, but I think that there has been a great deal of mismanagement."

You start getting rationalizations, so that you want to be a little bit careful about us just floating around from outfit to outfit and everybody says, "Yes, I am for it; you can count me in on that," because when you start counting heads for the vote, you find out that people just happen not to show up and that they ran into difficulties that they had not envisioned when they originally talked with you.

So this is relative and, if this is a life-and-death program, as you say it is, then we have got to organize our own tactics that really jam up against the wall some of these people who say they are for it, right? Okay.

Mr. SYKES. Thank you.

Mr. WILLIAMS. Thank you.

Mr. HAWKINS. Thank you, Mr. Sykes and Mr. Williams.

The next witness is Mr. Jack Buttram, member of the Community Action Program Board of Evansville, Ind. Mr. Buttram, we welcome you and look forward to your testimony.

**STATEMENT OF JACK BUTTRAM, MEMBER, COMMUNITY ACTION
PROGRAM BOARD, EVANSVILLE, IND.**

Mr. BUTTRAM. Thank you for the opportunity of my being here, Chairman Hawkins.

I think a little bit of my background perhaps is pertinent at this point and, incidentally, I do not have a prepared statement. I represent one of the perhaps new breed in our activities. About 31½ years ago, I became president of a rather substantial electrical contracting company in Evansville, Ind.; the company does about \$10 million worth of business. I considered it a series of tremendous good fortunes that allowed me to do this, and one of the things I said to myself just 31½ years ago was that I was going to get involved in some community activities.

I went to the chamber of commerce and asked for permission to serve on the Community Action Board, so I want you to know that my comments are with the experience of only 3, 31½ years.

Some of the other activities that I am involved in, in Evansville: I am a member of the chamber of commerce, I am a member of the board of directors of the chamber of commerce, I serve as cochairman of the Chamber of Commerce Human Resources and Development Committee, I chair a foundation in Evansville that we organized for minority enterprises—and we are trying to do that—the Evansville Business Foundation. I am also on the Labor-Management Advisory Council in Evansville.

So, in the period of 3 years, I have gotten fairly involved. I am chairman now of the Community Action Program in Evansville. Speaking from not only my activities in the Community Action Program in Evansville, I am absolutely convinced of the need for the CAP program in Evansville. I am convinced that the minorities and the poor in Evansville need the voice that Community Action Program gives them.

I am convinced that not only it needs that voice; it needs a voice that is not fighting under the control of local governmental units. The only way we can do this, as I can see it, is through the OEO program.

I welcome your questions.

Mr. HAWKINS. Certainly it is of interest to this committee to get the views of businessmen. Obviously this is one part of Community Action which I think has been very outstanding, and the involvement of business, it seems to me, in the Economic Opportunity Program has not really been as publicized as it might have been.

We have had General Motors, General Electric, Litton Industries, even ITT—they have all been involved in a very meaningful way. It is a pleasure to have you as a representative of the business community of Evansville, Ind., to come before this committee and say that you believe that the program should be continued.

Let me ask you about the composition of the board in Evansville. I assume that it includes local officials and representatives of the poor as well.

Mr. BUTTRAM. Fine. As a matter of fact, I represent the Ninth Township trustee on the board. I do not represent the Chamber of Commerce; the Chamber has another representative. I am sorry I did not bring that with me, but we are represented through the school administration and the various other organizations.

Mr. HAWKINS. Are local officials represented?

Mr. BUTTRAM. Yes, they are, and some of them attend.

Mr. HAWKINS. I certainly think that is a very outstanding example. Mr. Conyers.

Mr. CONYERS. No questions.

Mr. HAWKINS. I think the members of the committee are highly pleased, Mr. Buttram, and again I wish to thank you for appearing before the committee.

Mr. BUTTRAM. I could speak with all the reasons that the other people have given. I heartily concur with it. The fact that I am here, that I am interested in it, I will do anything that I can to support it, and I hope that you people are successful.

Mr. HAWKINS. I hope that you can express these views to other Members of the Congress from Indiana. That State has not been noted for its support of some of these concepts.

Mr. BUTTRAM. You are certainly right—you are certainly right. [Applause.]

There is one other thing. In the local newspaper just yesterday, as a coincidence, a local reporter, being very sympathetic to the situation, wrote quite an article, entitled "Is CAPE a Failure?" It has some very good information. I would like to pass it to you if I might.

Mr. HAWKINS. Certainly. Certain articles?

Mr. BUTTRAM. One article.

Mr. HAWKINS. What is it? How is it titled?

Mr. BUTTRAM. "Is CAPE a Failure?"

Mr. HAWKINS. The article "Is CAPE a Failure?" will be entered in the record in its entirety at this point. If you will give it to the clerk, we will see that it is inserted.

[The article referred to follows:]

[The Evansville Press, Mar. 19, 1973]

IS CAPE A FAILURE?

POLITICS AND PERSONALITIES CLOUD THE REAL ISSUES

(By Roberta Helman)

"We don't want it to be 'poof', just gone, without someone rising up in arms and objecting . . ."

George Berry spoke with no small degree of frustration as he considered the possible closing of the Community Action Program of Evansville (Cape) and what effects it would have on low-income residents of the city.

Berry, of 4 Cherry, is one of several new members of the agency's board of directors. He represents the Lincoln Avenue Neighborhood Council, whose members instructed him to ask the Cape board if there was anything they might do to help keep the program going after its federal funds are cut off June 30.

He touched at the heart of what the agency has been all about in its seven years.

"Cape has given poor people in this city an avenue for speaking out and for forming organizations to solve their problems . . ."

In the two months since it was announced the agency is going to lose the federal funds that support it, there has been no "raising up in arms and objecting"—except for the efforts of some parents whose teenage children work in one of Cape's programs.

As an agency whose purpose is to serve as an advocate for poor people, Cape has always been controversial with as many critics as supporters. Its request for revenue sharing funds from the city has stirred debate. Its internal problems that have surfaced in the last few weeks have not helped it gain new and much-needed friends.

But in all the current hassle the real issues are being clouded by personalities and politics.

While it would not be correct to say that Cape is an efficiently-operated, totally-effective agency, it would be less correct to say that it is a failure.

Obviously, the problems of poverty and prejudice which the agency is directed to resolve are not conditions that can be eliminated or even substantially improved in a short time. Some of the ways in which Cape has been most effective can't really be measured or given a monetary value.

The workers at Cape's four neighborhood service centers, for example, did much of the work in the area health planning council's survey of health needs of the poor. The survey led to establishment of the city-county health department's well-baby clinic at Sweetser Homes public housing project.

Mrs. Edith Rosenblum, executive director of Planned Parenthood of Evansville, has said Cape is an invaluable aid in helping the agency extend its services to low-income citizens.

Cape has arranged for mothers of Head Start children to attend homemaking and sewing classes at the YWCA.

It helped the county 4-H organization set up a club for children in the Oakdale-Sweetser neighborhood, and organized a volunteer tutoring program for children in the Lincoln Gardens-Erie Homes public housing projects.

The agency has developed a good working relationship with the Metropolitan Evansville Chamber of Commerce, which several times has channeled funds to help Cape operate summer job programs for youth, sponsor an intern program for college students to gain experience in social work, and provide Christmas food for needy families.

Dentists worked with Cape to help develop the dental care education program for Head Start youngsters. The project received national attention.

A 72-year-old man who was struggling to care for his ill wife and meet their mounting medical bills last year told a reporter for The Evansville Press the Cape workers from a neighborhood service center near his home were "the only friends I have." He said they were the only people who had ever tried to help him and his wife. The man had shunned welfare assistance because he considered it degrading.

Two years ago when Don Wells (now director of the Volunteer Action Center) was director of Cape's service center on Fulton Avenue he was approached by a wealthy Newburgh resident who wanted anonymously to help needy people. "Whenever we ran across a really extreme case, we could call this person and the help was provided immediately," Wells said. The philanthropist had utilized Cape to channel his concern for his fellow man.

If there is no Cape in the future to get these services to poor people, will the services still be provided?

Traditional government agencies such as the school corporation, welfare department and state employment agency do not function in a similar advocate or "channeler" role.

It is Cape, not the school corporation, that operates the bus providing transportation for low-income persons to attend adult evening school classes at Central High School—located miles from the neighborhoods where a majority of the city's low-income citizens live.

(Robertta Helman is a reporter for The Evansville Press who specializes in coverage of social welfare agencies)

It was Cape, not the state employment service, that recruited the 60 hard-corps unemployed persons who went to work at the Whirlpool Corporation several weeks ago through programs sponsored by the National Alliance of Businessmen and the chamber of commerce.

Those activities are in addition to Cape's three major programs:

—Head Start, which operates 10 pre-school education centers for 160 youngsters from low-income families, at an annual federal budget of \$243,975. Head Start's funds come from the Department of Health, Education and Welfare and are not being cut off, although the program will be affected if Cape is dismantled, since it is administered and planned by Cape.

—The Neighborhood Youth Corps, which provides jobs and counseling for low-income teenagers. It employs 300 youths year-around and 805 in its nine-week summer program, placing them as a free labor force for government agencies and non-profit institutions such as hospitals. Funded by the Department of Labor, the program's current budget is \$1.01 million for 22 months ending July 1. No federal funds will be provided for its summer jobs program only this year and

funds for its year-around program will be cut off next year, local officials have been told.

—The Community Action Program, which is the keystone of Cape. It provides administration and planning for all the programs and operates the four neighborhood service centers in target poverty areas of the city. It gets \$202,600 a year from the Federal Office of Economic Opportunity.

The service centers are Cape's direct contact with people. Their staffs go door-to-door talking with neighborhood residents, finding out their needs and informing them of health, education and government services available.

The centers house recreation and tutoring programs for children, homemaking classes for mothers. They have clothing and food banks and sponsor food "co-ops" for housewives to save money by combining their orders and buying in bulk.

Low-income residents can get the centers' help in filling out income tax forms.

Each center has a job-placement counselor and a staff member assigned to work with teenagers and young adults, directing their agencies and imaginations to constructive programs.

Among other Cape projects was the "ombudsman" who worked at the human relations commission office in the Civic Center, to help low-income persons obtain help from the proper government agencies. The ombudsman provided help for more than 200 persons in the first five months of the program, which was discontinued several weeks ago in the wake of Cape's possible loss of funds.

The local agency is one of about 900 community action programs across the nation being cut off from their current source of federal funds when OEO closes down. President Nixon is abolishing the federal bureaucracy and has said if city administrations want to continue anti-poverty programs, they can finance them with federal revenue sharing funds.

The President's "New Federalism"—aimed at giving local government control over local projects and eliminating the bewildering and costly profusion of federal bureaucratic middlemen—has one major flaw regarding the poverty programs.

It makes an awfully big assumption that city administrations and other local units of government have improved their ability and willingness to respond competently to the needs of their low-income citizens. The issue involves more than just the city's lack of money and need for federal funds.

Few if any city governments have ever placed human services on an equal priority with the physical and structural services—streets, sewers, etc.—which they must provide. Always before the argument has been that there wasn't enough city money left over for the human needs not involving bricks and mortar. As those needs went unattended the problems of race and poverty were perpetuated until they exploded into the civil riots of the 1960's.

In a few short years since then the community action programs have served a major role in helping poor people make their voices heard at city hall, without violence. OEO funded the agencies to serve as full-time advocates for the poor—to focus attention on their needs and help them gain participation in the democratic process—and OEO made it clear whose side the federal government was on.

What has often limited their effectiveness, in Evansville as well as the other cities, is that the local politicians took offense at this "attack" on their credibility. Rather than respond immediately and willingly to the problems, they staged a counter-attack on the antipoverty workers and challenged whether they were really speaking for poor people or for themselves.

Two classic illustrations were Cape's efforts to organize public housing tenants' councils and to get the city to provide more than just recreation programs at the new community center.

The president of the first tenants council was Mrs. Ernestine Howard Rankin, a Cape employee and at that time a resident of Erie Homes public housing project. Only a handful of tenants were involved, and they repeatedly asked public housing director Mrs. Myrtle Scales to endorse their efforts so that other tenants would not fear eviction if they joined. What the group proposed was to work with the administration to resolve tenants' grievances, give tenants a voice in planning improvements to some of the aging buildings, and give tenants jobs within the housing authority. Mrs. Scales and the authority's directors replied they couldn't officially recognize the group because with so few members it wasn't representative of all tenants. Later, the U.S. Department of Housing and Urban Development (HUD), which regulates public housing agencies, mandated the local administration to help organize tenants councils in each of its projects. There was no money involved in that instance and still the responsible local government agency was slow, even reluctant, to respond.

It was former Cape employe Don McNary (now executive director of the human relations commission) who first charged the city administration was violating terms of the federal grant that helped build the new community center at Walnut and Heidelberg. He pointed out the facility was being operated basically as a recreation center rather than as a multi-purpose neighborhood center to serve residents of the eight census tracts in the downtown and near-North Side areas, which had been specified as the priority use in the \$998,000 HUD grant which helped build the center. McNary's action and the HUD response—an order to the city administration to meet the requirements—stirred up a public controversy that's still unresolved almost two years later. The reaction of one top city recreation official was an "off the record" remark that "Cape is trying to take over our building!"

These reactions by local government officials do not support the President's assumption that his "New Federalism" will be the tool for local government to deal adequately with local poverty problems. The effectiveness of any federal dollar, no matter how it is channeled into the city, will be limited to the competency and attitude of elected city officials.

Now that Evansville has its first two-year allotment of slightly over \$4 million in revenue sharing funds, the mayor and city council haven't yet said how much will be spent on human services. They have said street repairs will be the number-one priority.

Sources inside the administration said the figure being considered for social service programs is "either 5 or 10 per cent of the total, which would mean either \$200,000 or \$400,000 . . ." Already the requests from social agencies have exceeded \$400,000, meaning some are going to be left out.

Cape's administration and board of directors so far have not presented a very energetic or convincing appeal for the funds. Again, the good things about the program are being clouded by its problems and its personalities.

In the agency's seven years, it has had five different executive directors, none of whom had any previous administrative experience. At the same time its board of directors (composed of representatives from government agencies, the business community, low-income persons and non-government agencies) has had an almost continuous turnover in membership and has provided scant direction and leadership. Some of the current board members were appointed only several weeks ago and weren't familiar with the programs for which they're now trying to enlist public support. They were named to the board to replace members who were asked to resign because they never attended the monthly board meetings.

The internal problems that Cape has always had as a result of its inconsistent and inexperienced administration have worsened during the current crisis as the staff members react to the threat of losing their jobs.

Rather than pulling themselves together, they're falling apart.

Cape executive director Mike Malone is an outspoken young man whose virtues do not include tact and diplomacy. His "direct-confrontation" approach has antagonized many people whose support the agency needs very much if it hopes to get revenue sharing funds from the city council. Those people include Mayor Russell Lloyd and council president David Koehler.

If Cape has any strong supporters who are willing to go to bat for it in the local political arena, they aren't stepping forward. There's been no word of support even from the four former executive directors—Bob Morgan, Mel Wambach and Ira Neal, all now in administrative jobs with the school corporation, and Earl "Pete" Chandler, now the director of a federally-funded area manpower planning program administered by the mayor.

It's too bad. The agency doesn't deserve to die without someone "raising up in arms and objecting." The problems it has can be worked out, and the programs it has are an asset to the community.

Mr. HAWKINS. Thank you very much.

Mr. BUTTRAM. Thank you.

[Applause.]

Mr. HAWKINS. The next witnesses are Mr. Wayne Sether of the Neighborhood Youth Corps, Minnesota, and Mr. Paul Boranian, NYC, Minnesota. Mr. Sether.

**STATEMENTS OF PAUL BORANIAN AND WAYNE SETHER,
NEIGHBORHOOD YOUTH CORPS, MINNESOTA**

Mr. BORANIAN. We do not have a prepared statement.

Mr. HAWKINS. Is Mr. Sether with you?

Mr. BORANIAN. Yes.

Mr. HAWKINS. Mr. Boranian, you may proceed.

Mr. BORANIAN. Thank you, Mr. Chairman. I am also presenting, to save the time of the committee, testimony from Grand Rapids and Saginaw, Mich., on the Neighborhood Youth Corps project at the request of Mr. Sam Triplette.

I am, Mr. Chairman, the director of Community Educational Services for the city of Minneapolis Public Schools and, in that role, we have prime responsibility for all of the contracts, prime and sub, that deal with institutional training. I do want to keep my remarks short and deal primarily with the Neighborhood Youth Corps in Minneapolis and Hennepin County.

We are here today while Senator Hubert Humphrey, Senator Mondale, and Congressman Fraser are in Minneapolis, and have been for 2 days, conducting hearings and hearing the same kinds of testimony that is appearing before you today. We are indeed fortunate in Minnesota to have Humphrey, Mondale, Fraser, Karth, Blatnik, and Bergland.

We do have some that still do not identify too well with the family of man, and we are working on these gentlemen, but every time they see us coming, they seem to run for cover. Our pursuit will be diligent and we will not retreat. And, with the kind of support coming from the rest of the delegation, I do hope we can corner and bring them into the family of man.

These have been criticized by many people, including the President. The charge has been that these programs have not been successful. This we refute emphatically. According to these critics, the successful Neighborhood Youth Corps program is one which keeps kids in high school. We on the Neighborhood Youth Corps staff feel that our program has multiple benefits not just retaining them in schools.

The Minneapolis Youth Corps has served over 10,000 disadvantaged youth since we started in 1965. And these youth have earned in excess of \$4 million. Since September 1972, we have served 913 disadvantaged Minneapolis youth in our program and, of the 605 who are over 16 years of age, 17 have dropped out of school, and that is 2.8 percent, yet the dropout rate for youngsters not in these kinds of programs far exceeds 2.8.

I attribute the success of our Neighborhood Youth Corps program to an excellent staff and the great cooperation we receive from people in the Minneapolis schools and the people in the agencies where our enrollees work. Coordinators are part of a team composed of principals, counselors, social workers, teachers, parents, and employers. Our charge is to provide services to the disadvantaged young people of our system.

Each enrollee is interviewed to determine his skills and interests, aptitudes. After checking with school counselors and school records, youngsters are assigned to the job which best fits their profile. Our coordinators meet in group sessions weekly in addition to visiting the work site regularly. They often find it necessary to visit with the parents and teachers and social workers and probation officers in working with the student. We also arrange for medical services for our enrollees and any other referral service necessary.

For many, the Neighborhood Youth Corps is the first job, and then, after gaining skills, experiences and confidence, our enrollees leave for better part-time jobs in the private sector. We expect that our turnover rate in the course of one year should be two to three times the number of slots that we have been allocated by the Department of Labor.

Our job is to provide a meaningful work experience, such as the 70 jobs at the veterans hospital or the 60 tutoring jobs with the youth-tutoring-youth program and many more too numerous to mention. Our demand for student help is so great that we can be very selective and make only meaningful job slots.

This is the only program in the school system where the student can take a full day of classes and still have a supervised, meaningful work experience. We do not have any reliable statistics available on the scholastic impact of NYC jobs. However, we can cite many cases where the student's school performance has improved after starting a job at the NYC. We know our program has an impact on attendance because NYC enrollees cannot go to work on a school day when they do not attend classes.

I feel too many people view NYC as just an employment placement agency. However, just finding a job for a disadvantaged student is a simplistic mechanism, and it probably will not have a real impact on the dropout rate. We do not have a program just to find a job for disadvantaged students. Our program is operated by competent professionals; it is very complete and offers a supervised, meaningful work experience along with many other services to our Minneapolis young people.

Our job sites as of the third month, the first day of 1973, to give you a break-out—and we have been criticized nationally—in secretarial positions, we have 25 percent of all of our enrollees, or 144 students. In educational aides and youth-tutoring-youth, we have 26 percent, or 153 students. In hospital work, 14 percent, and 79 students. In the food service industry, 5 percent, and 30 students.

In recreational services, 12 percent, and 67 students. In maintenance, 5 percent, and 30 students. In library, 6 percent, and 37 students. In switchboard operators and related areas, 7 percent, or 40 of our students.

We are proud of our NYC program, and we have distributed to our President and to others many general statements about: We are proud of our Neighborhood Youth Corps. And we have distributed vast amounts of material to the President and members of our delegations on what it has afforded our youngsters in Minneapolis.

During the school year, we hope to serve about 1,200 students of our Minneapolis schools, who will have earned \$1.60 per hour working after school or weekends from 8 to 10 hours per week in a supervised, meaningful job slot. These people will earn over \$300,000 during this school year.

I hope that Congress will see fit and the President will see fit to fund the Neighborhood Youth Corps project.

Now, for the summer of 1973—the above paragraphs do relate primarily to our school year program, but we are extremely concerned about the summer of 1973. During the summer of 1972, we had an excellent NYC program involving 3,200 youths residing in Hennepin County, and over 300 of these enrollees were from suburbs in Hennepin County, where poverty, too, exists. About three-fourths of the summer enrollees were from families on welfare or living in foster homes.

We had many excellent projects which benefited both the kids and the communities which constructed stairways on the Mississippi. We are well on the way to making the river bank into a park-like area to be enjoyed by everyone. We had hoped to continue this job in the summer of 1973.

Many of our enrollees were recreation leaders in various neighborhood agencies and parks, supervising groups of young people. Without the NYC program, thousands of our young children will be cheated out of organized, supervised summer activities.

We have developed a fine summer program in the past 7 years and provide excellent, meaningful, supervisory work for each participant. Last summer, the detached workers of the NYC reported a sharp decline in arrests, especially on Southside, of employed teenagers who had been in trouble.

Probation officers, social workers, the neighborhood social staff agency, who have day-to-day contact with the young in our city, have expressed a real fear for the summer of 1973 without an NYC program to provide badly needed experiences, money, and activity to the young people in Minneapolis.

I am sure few people realize the impact of a summer without NYC on our community and the communities across this Nation. One of our inner city principals hates to think about starting school in the fall of 1973 after a summer without job opportunities for his students. In the past few years students have returned to their classrooms happy, wearing new clothes, with money in their pockets and a good work experience behind them. They were ready to start school.

Mr. Chairman, I would also like to present a statement from the National Alliance of Business written by the president of Munsingwear Corporation.

Mr. BORANIAN. Mr. Chairman, I will be happy to answer any questions. I do want to make one further comment. I also sit on the Area Manpower Planning Commission in our city, and I say to you, Mr. Chairman, that revenue sharing is a hoax of the worst order that is trying to be perpetuated on the American public. It is the greatest mechanism that I know that will divide a community with the scars of previous confrontations which are just beginning to heal. I say to you it is a hoax and it is being perpetuated on the American public. (Applause.)

Mr. HAWKINS. You have concluded with a very profound observation which certainly should be pretty well known by most people by this time but, unfortunately, it takes all of these hearings and perhaps even more than this to try to get the truth.

May I ask you both, as a member of the local manpower agency, manpower committee, and with your experience with the NYC pro-

gram itself, what type of assurances have you been given that there will be a summer youth program?

Mr. BORANIAN. Mr. Chairman, the only information that we have received is that the Neighborhood Youth Corps will not exist this summer. We, however, cannot believe that and—

Mr. HAWKINS. Did this come from the Manpower Administration?

Mr. BORANIAN. This is coming from the Chicago Regional Office, Manpower Administration, yes, Mr. Chairman.

Mr. HAWKINS. Specifically, did they state orally that there may not be any program?

Mr. BORANIAN. Yes, it has been oral, Mr. Chairman. That has come out of the Chicago Regional Office, saying that there will not be funds. Now, there has been talk again, and you have heard it so many times during these hearings, but again I want to emphasize another great myth is to take moneys from the EEA, to take moneys from primary wage earners, and to divert them into programs for youth, which is another great hoax, and we would not even entertain that kind of a proposition in our city and, as the administrator of the program, to take funds from primary wage earners and to divert them to this kind of activity is a malfeasance.

Mr. HAWKINS. I assume that you have had no assurance as well that there will be a recreation and transportation support program.

Mr. BORANIAN. This is true, Mr. Chairman. Again we have no assurances whatsoever that the summer youth recreation program will be funded, and we have received no word that the transportation programs will be funded.

But we are eternally optimistic, Mr. Chairman and members of the committee, and our planning goes on to provide the services for the young people of our city. And, to show you the increase in those services to youth in our two communities, prior to these programs' being instituted the only activity that we as a school system had prior to the programs under the Office of Economic Opportunity and under the Manpower Administration, Department of Labor was the summer school for 1,500 youngsters that were trying to make up credits.

Under the auspices of these programs in our city over the last 6 to 7 years, we now have 22,000 youngsters involved in a great variety of summer activities that previously were not in activities of this nature. Work experience under the Neighborhood Youth Corps has gone heavily to enrichment instead of to remediation—contractual statements with all of our cultural art centers in Minneapolis, of which we have many.

On a matching-funds basis to provide those matching funds against the agency's funds, Mr. Chairman, have come from the Federal resources and not from the local commitment.

Mr. HAWKINS. I assume that the local businessmen are not in a position to furnish any jobs to replace those that may be lost in the termination of this program.

Mr. BORANIAN. Mr. Chairman, that is absolutely true. The businessmen have done, I would say, a good job; they have worked conscientiously at it, but the private sector does not have that capability to provide the kinds of experiences, to supervise the kinds of experiences that youngsters need prior to going into the world of work.

The Neighborhood Young Corps provides that kind of sheltered experience and brings about those kinds of developments in that youth that are mandatory previous to going into the world of work.

The hearings that are being held by Senator Mondale and Senator Humphrey and Congressman Fraser are held in an auditorium which, I am sure, is packed with 1,400 people today; it is the Northern States Power Auditorium in downtown Minneapolis, and they have been there for 2 days.

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. I am sure that you have been saying the same thing at home that you told us today, and I am just curious to know what kind of reception you are getting from the public media. Do they attempt to explain the problems that would be caused by the phasing out of these programs or cutback in this program?

Mr. BORANIAN. I would say, Congressman, that we do have a responsible press; it is the Powell's publication. Our press stands far above anything I have read in Detroit so far.

Mr. CLAY. I have not read anything.

Mr. BORANIAN. Just reading the paper generally, The Minneapolis Star and Tribune, I believe, is a responsible media and has done a very good job in reporting. In comparison to what I read here, it is an outstanding orical.

Mr. CLAY. Would you believe that we had some 23 witnesses yesterday, outstanding people, knowledgeable about this subject matter, and testified from 9 o'clock until 5:30 yesterday afternoon and not a word appeared in the paper? [Applause.]

So I assume that, if the press is covering the situation in your community—and you refer to it as being a responsible press—we can conclude that this press is irresponsible.

Mr. BORANIAN. I would say it is irresponsible if it has not been covering a congressional hearing, Mr. Chairman, and I would also say to you that I will send to your office, upon my return to Minneapolis, the kind of covering that we have received.

Mr. CLAY. Thank you.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you very much.

Mr. HAWKINS. Again, Mr. Boranian and Mr. Sether, we appreciate your testimony before this committee and the fact that you have come all the way from Minneapolis to testify. I think that certainly is a good indication of the kind of support we are receiving from those dedicated individuals who are operating the programs such as you are operating to Minneapolis.

Mr. BORANIAN. Thank you, Mr. Chairman.

From the floor. Can I ask a question?

Mr. HAWKINS. No questions of the witnesses are allowed from the audience. If you have questions that you think would be relevant, I am quite sure that some member of the committee would be very pleased to ask that question.

FROM THE FLOOR. All right.

Mr. HAWKINS. The next witnesses are Mr. Alan Houseman, director of the Michigan Legal Services; Mr. Norman Metzger, Legal Services Organization of Indianapolis, Indiana; and Mr. Wallace Riley, President of the Michigan Bar Association.

Is Mr. Riley with you?

Mr. HOUSEMAN: I don't know Mr. Riley.

Mr. HAWKINS. Mr. Metzger, suppose we hear from you first and then from Mr. Houseman. Then we will have the questions after that.

May I welcome you to the Committee. We have read a great deal of what is happening in Indianapolis, and the Committee is greatly concerned about Legal services. We have had three days of hearings on legal service in Washington and I may say that the situation, to say the least, is fluid and very confusing.

STATEMENTS OF NORMAN METZER, LEGAL SERVICES ORGANIZATION OF INDIANAPOLIS, IND., AND ALAN HOUSEMAN, DIRECTOR, MICHIGAN LEGAL SERVICES

Mr. METZER. Thank you Chairman Hawkins and other distinguished Members of this Committee.

As you have pointed out we are the subject of the present controversies surrounding a new set of conditions in other programs throughout the country. I have been the Executive Director since August, 1970, and our program is a program that is funded by four different sources including the Indianapolis program. We have a grant from the Indiana Criminal Justice Planning Agencies as well as at one time 23 attorneys with five offices. Because of the controversy we have three offices and 17 attorneys.

I wanted to mention four different things because I think the Committee should be aware of what is happening and how the conditions that were placed in my program came into being, but I do think it is important to the Committee to focus its attention on it. At least I would like to have the Committee focus its attention on four things.

One will be the conditions which I will discuss briefly; an issue which you mentioned in your letter to me which was community support. The third issue is interim funding or loan authorization for which the OEO refuses to extend to us. Finally, an issue that was discussed in Ralph Nader's syndicated column regarding my program, and that is local control.

Two weeks ago Robert Parker came to our city and he met with the mayor. He met with the representative of the city council. He met with the Indiana Court of Appeals Justice Sullivan. All of these gentlemen had been involved at one time or another in evaluating our program. He also met with my program's foremost critics, including the president-elect of the bar association, Douglas Shortridge, and other attorneys who have appeared on cases against us, including our case which gained a lot of notoriety in the community, which was a desegregation suit by a local district court judge who found our school system guilty of de jure segregation, that is part of the reason why we are having the funding problems that we are.

He returned to Washington on Tuesday evening, and on Thursday evening the conditions were established in our program, totally ignoring the wishes of our city mayor, and the city council.

Now the materials that I have prepared before you, and should be before you, the conditions appear No. 1 in the materials. I would just like to go over some of these conditions with you to understand what kind of second-class program the present Office of Legal Serv-

ices is trying to perpetrate upon the Indianapolis community, and also potentially upon other legal services programs in this country.

The first is that our program was cut back 15 percent. Now this is in view of an evaluation report which was conducted in Indianapolis in September of 1972. It was a nine member committee and was doing a very effective job. Our attorneys were of excellent quality and giving excellent service, and we were one of the best programs in the country. In the Washington Post, the article which appears at No. 3 in the table of contents, Parker is quoted as saying we are one of the worst programs in the country.

He came out one afternoon and spent a few hours with the critics of the program, went back and laid these conditions on the program. Even though nine people spent 5 days in Indianapolis that adds up to about 45 man-days and found this to be doing a good job.

Mr. HAWKINS. Was that visit to consult with you?

Mr. METZER. I picked him up at the airport and I drove him in to see Judge Sullivan, so I spent about a half hour with him. As he came out of the mayor's office I spent about another 10 minutes with him. At no time did he indicate that we were in any kind of funding difficulty. In view of the people he was seeing. I didn't feel—

Mr. HAWKINS. Did he discuss the conditions that were afterwards imposed on you?

Mr. METZER. No, he did not.

The second condition is that we will receive 6-month funding. Now there is no reason for that in Indianapolis because our CAP is funded by a variety of sources too, and they intend to stay in existence after June 30, so there is no reason why my program could not continue to receive funding for 12 months, but they did fund us for 12 months.

The third condition, and the most onerous condition perhaps, is the condition that we cannot file any lawsuits in Federal court until we have exhausted State administrative and judicial remedies.

Now this is an onerous condition simply because the U.S. Supreme Court on several occasions has ruled that in civil rights matters lawyers do not have to exhaust State administrative and judicial remedies before bringing a case into Federal court, so the condition flies in the face of the U.S. Supreme Court decision.

Mr. CONYERS. Do you intend to take any action in regard to that limitation?

Mr. METZER. We have been in regard to it in the Defender's Office, who in turn has been in touch with a couple of Washington, D.C. law firms. Lawyers in Washington, D.C. have also been in touch with the National Committee for Civil Rights Under Law, and they are discussing it with us, but as to exactly what we are going to do—

Mr. CONYERS. You might have to get some lawyers and consider suing.

Mr. METZER. The decision has to be made yet to sue because we are trying to exhaust our State and local remedies.

Mr. CONYERS. The Supreme Court has made some rulings on that point.

Mr. METZER. That is right. The cases are cited in the materials here in this document that I have before you.

Fourthly, there is a condition that our board of directors must establish a separate code of conduct for our attorneys. Now this is

separate and distinct from the code of professional responsibility that all lawyers must abide by, that any attorneys who do not abide by that code will automatically be fired.

It is interesting that Mr. Parker when he called my board chairman to announce these conditions had a phrase in these conditions that does not appear in the written document. The phrase was that not only should we prepare a code of conduct, but that any attorney who brings discredit, scorn, contempt from the local bench or bar must immediately be dismissed.

Now they have deleted that phrase, but I suspect that when the code of conduct is prepared by some of my local critics you will find that kind of language in the local code of conduct. You will see what we are subjecting our attorneys to is a lot of intimidation from the local bar association, and from the local judiciary.

Finally, there is a condition that none of our attorneys shall engage in any kind of political activity or cause, including the organizing of special interest groups. Now on its face that does not leap out at you as if it is something wrong with that, but we represent a lot of neighborhood groups in our community, groups from the welfare rights organization, to tenants groups, to groups that are interested in transportation. We have had two cases in court, or before the Public Service Commission on reduced fares for the elderly, and for poor people in our community, and we have been accused of organizing these groups. These are false accusations. We are only their attorneys, but I am fearful that these conditions are being placed in my grant because they will stop us from representing these groups, although I believe it is a lawyer's obligation to represent groups, and we will continue to do so.

Now finally, and I suppose the thing that is the most tragic for my program at the present time, and that is no funds are being released to my program until such time as we reorganize our board, submit the names of the board members to Mr. Parker and Mr. McCarthy at the Office of Legal Services, and they concur on each individual appointment to my board. They have told me orally by phone that in seeking guidance in our community they will confer with Mr. Douglas Shortridge and find out if he concurs.

Now he called us two days ago and said he would not concur on our new board. Now the mayor of our city supports our program, and that is considerable support because Mayor Lugar is held in high esteem at the White House, and you will find at No. 10 a letter from Mayor Lugar to me indicating that he supports my view as to the conditions that he is attempting to remove from my program and, secondly, he submitted the board list himself to the Office of Legal Services indicating that he approves of our new board.

Yesterday, in view of that fact we got another call from Mr. Parker wanting to know if we cleared this list with Mr. Shortridge before we submitted it to the Office of Legal Services, and we said no, we submitted it to the mayor, the mayor is submitting it to you, and he indicates in his letter that he is approving of this board. In fact, what he says in his concluding paragraph, "We are satisfied that LSO's acceptance", which is the letters in my program LSO, "of the conditions renders completion of the local review and evaluation of this agency for this funding cycle. In view of this, your immediate release of funds or borrowing authority is urgently requested."

So I don't think there is any question that Mayor Lugar supports the program.

In view of that we still have not received any funds. We were told yesterday no funds would be released. We do not have loan borrowing authority, and we have not met a payroll for 4 weeks in Indianapolis, and we have not had the first employee to leave us since these conditions were slapped on us.

Now those are the conditions as to your question about community support. I only call your attention here to several newspaper articles. We have been under attack by the local critics for a long time, and so when our Model Cities funding came before the city council a special committee was appointed at the city council to investigate our program and special hearings were held. You will find at No. 12 in the materials, "Special Committee of City Council Hears 40 Groups Who Support LSO."

It names in another newspaper article 17 agencies backing LSO. In fact that evening—there were two evenings of hearings, and one evening there were over 65 people who testified on our behalf, and not one single group, or one single individual stood up and said anything negative about our program. Because all the critics are operating behind the scenes to achieve their will, they will not come out to public meetings like this meeting and say, "We are opposed to LSO." They perform their criticisms behind the scenes.

In fact, there is an article in here from the local newspaper where the League of Women Voters, hardly a radical organization, picketed our city council on our behalf, no one else, and probably the first time in the history of our city that the league has picketed the city council for anything, but they picketed on our behalf, so that we could get funding for the Indianapolis City funding.

By the way, the city council when they considered our appropriation in a 16 to 1 vote appropriated us \$117,000 for the calendar year 1973. So we have the support of our local city council, the local mayor, our U.S. Senators Bayh and Hartke, Congressmen Hillis and Hudnut from our Districts.

In view of this, as so well described in Ralph Nader's article, the whole issue of local control is really a sham that they came into our community, they announced that they were going to consult with the local officials, and they did consult with the local officials, but they worked the will of our local critics. So that the argument that we would like to have these kinds of programs controlled by local elected officials, we were well on the way of establishing a good working relationship with our local government officials when OEO's people came in and upset the apple cart.

Finally, and specifically on the issue of interim funding, the Code of Federal Regulations specifically states in title 45, section 1067, that any program that is presently funded must be refunded at least on an interim basis until criticisms of the program can be worked out with the Office of Economic Opportunity. In fact there has been a decision to fund this for 6 months.

Even in programs where the decision has been made to defund the regulation say provide interim funding or lose authorization. The OEO has to extend loan authority to us. Until such time as we organized our board—and there is indication now from Washington's Office of Economic Opportunity that they may not approve of our board—

we are relying upon the efforts of our mayor to allow for the board to sit and come into being under a reconstituted board, but at the present time there has been no indication, and as of tomorrow our staff will have gone for 4 weeks without pay. So I don't know how much longer we can hang in there, but I would assume that by the end of this week if we have not received any money we will be closing our offices.

Now, basically this runs over the things that I wanted to bring up with you, but I am convinced that the reasons why these conditions are being placed upon us are probably five-fold. One is that we are well recognized in our community, in fact our high profile has made us be a household word in most homes of our community, that we are a very effective organization, and that when poor people need help they turn to us and they come to us knowing that they are going to get vigorous legal representation.

For example, in the State of Indiana there have been 13 lawsuits filed against the welfare department, and three of them have gone to the Supreme Court. We have won all of the cases before the Supreme Court, and we have won 12 out of 13 cases we have taken into court regarding welfare regulations in Indiana.

Second, the criticism of our program in the bar associations comes from marginal lawyers who feel economic pressure and believe that we are taking cases from them.

Third, and especially in our community, there is an ideological bias against our program. Many of the critics do not believe that Federal money should go to pay lawyers who will in turn represent the poor.

Fourth, I believe there is a cultural gap, or generation gap in one of the articles that appeared last week in the Indianapolis Star. The president-elect of the bar association has called for my firing and has requested that the bar association look for a new director, indicated that he believes the new director ought to be over 35 years of age. Well, I don't know whether that is a good criteria for looking for a legal services director or not. I don't qualify under those guidelines, but there is apparently a cultural gap, and a generation gap which exists.

Then finally, and I suppose most importantly, is that our clients are poor people. They are not the powerful people of our community, they are the voiceless, the unrepresented. The critics in our community believe that they can challenge us because of the fact that our program only represents poor people. We don't represent General Motors, so in taking on us they are only taking on the meek and the powerless.

So I believe for those five reasons the Office of Legal Services and along with the local critics have at the present time fairly well hamstrung us, but for all the wrong reasons.

So that basically allows me to present what I wanted to say about why I believe they came into existence and the illegality of the approaches that the Office of Legal Services is using with regard to my program.

Mr. HAWKINS. Thank you, Mr. Metzger.

[The documents submitted follow:]

[Telegram]

HECTOR SANTA ANNA,
OEO Regional Director,
Chicago Regional Office:

The refunding of the Community Action Agency of greater Indianapolis, Indiana (Grant No. 50358) is hereby approved for six (6) months in the amount of \$159,494 for the period beginning February 1, 1973. You are authorized to execute all documents including OEO Form 314, to obligate the funds, and to process the grant in the most expeditious manner.

Special condition(s) to be attached to the grant include: (No. 1) in instances where a bar association response has not been received by the office of legal services, the following shall apply: The legal services grantee (delegate) shall within 60 days from the date of release of funds, submit to the regional legal services director a report containing letters from the State bar association and from principal local bar associations in the area served by the program commenting upon the renewal application, together with any response which the program wishes to make concerning items contained in such letters. If it has not been possible to obtain comments from the bar associations, the report shall indicate the steps taken by the legal services program to obtain comments from the bar associations.

(No. 2) the delegate legal services grantee shall prepare and submit to the regional legal services director on or before May 1, a six month refunding application as a limited purpose agency, including where necessary a successor in interest agreement with grantee.

(No. 3) the delegate legal services grantee shall adopt and comply with the provisions of section 2 of Indianapolis, Marion County, Indiana, city-county fiscal ordinance No. 5, 1972, implementing proposal No. 469, 1972. Prior to release of funds the delegate legal services grantee shall submit to the office of legal services for concurrence the names of those designated to serve on the board of directors reorganized pursuant to section 2(a) of said fiscal ordinance No. 5, 1972.

(No. 4) the delegate legal services grantee shall within 30 days from the date of release of funds submit to the office of legal services for concurrence standard operating procedures to insure that all available State and local administrative and/or judicial remedies have been exhausted before bringing an action in Federal court on behalf of a client.

(No. 5) the legal services grantee shall within 30 days from the date of release of funds submit to the office of legal services for concurrence a code of conduct and professional behavior for attorneys employed by grantee.

(No. 6) the delegate legal services grantee shall not continue to employ any attorney who violates its code of conduct and professional behavior.

(No. 7) the delegate legal services grantee shall not permit the use of grant funds or paid time of its employees for the promotion of any partisan political activity or cause, including efforts to organize special interest groups.

J. LAURENCE McCARTY,
Acting Associate Director, Office of Legal Services.

**POSITION PAPER OF THE LEGAL SERVICES ORGANIZATION OF INDIANAPOLIS, INC. (LSO)
 RE SUSPENSION OF FUNDING, REDUCTION OF GRANT AND IMPOSITION OF SPECIAL
 CONDITIONS BY THE OEO/OFFICE OF LEGAL SERVICES (OLS)**

The purpose of this document is to respond to the action of OLS in suspending funding of LSO, reducing its grant, and imposing special grant conditions on its grant (OEO Grant #50358 contained in OEO telegraphic message dated 3/8/73, which is included as ATTACHMENT I). An analysis of this action as to LSO's funding and special conditions and their potential impact on the continued operation of LSO is necessary in order to arrive at an informed judgment concerning the ethics, legality and advisability of accepting a grant under such conditions.

1. *The Suspension and \$56,000 Reduction in Grant.*

For the past three grant action years, LSO has been funded on an annual basis for \$375,000. OEO has now approved funding for LSO for six months in the amount of \$159,494 for the period beginning February 1, 1973. Projected on an annual basis, this constitutes a reduction of funding of approximately \$56,000 over the amount received in each of the past three years. This 15% reduction in our OEO grant is compounded by the reality that there has been no increase in our grant in the past three years even though the cost of living during that time has increased markedly.¹

The financial crisis precipitated by the reduction in funding is compounded by Special Condition 3 of the grant, which states that OEO will not release any funds to LSO until OLS has approved the names of those designated to serve on the LSO Board of directors after reorganization in accordance with the conditions placed upon the LSO Community Services Program grant (CSP grant) awarded by the City-County Council. LSO has been moving expeditiously in an attempt to comply with the conditions of the CSP grant for that grant expressly states that no funds will be released until the grant conditions are complied with.

Nonetheless, reorganization of the Board of Directors of a corporation takes time. Since LSO is absolutely broke and has been unable to pay its attorneys for work done following the completion of the work week ending Friday, February 16, 1973, we are obviously attempting to comply with these conditions as rapidly as possible. However, it is not realistic to expect that the Board of Directors can be reorganized in less than ten days to two weeks. That would mean that our attorneys would have worked five weeks without pay, and the secretarial staff for three weeks without pay. Even then, there is no assurance that funds will become immediately available from either the OEO grant or the CSP grant.

OLS Special Condition 3 states that funds will not be released until OLS has concurred in the new board, and our Executive director has been personally advised orally by Robert Parker of OLS that OLS will not concur unless the reorganized board is approved by Douglas Shortridge.² Should either Mr. Shortridge or OEO find objectionable one or more members of the reorganized board, there is no way to anticipate how long the OEO funding could be held up. In addition, organization of the LSO Board only satisfies the initial condition on the CSP grant, and the remaining conditions on that grant can be only satisfied by steps taken by the reorganized Board. Consequently, the CSP funds will not be available to us until some later date when compliance with all conditions have been satisfied.

Our 1972-73 OEO grant year expired January 31, 1973. Our current grant year should have started February 1, 1973, and that grant has neither been approved nor terminated. Although OEO has not characterized its action as a suspension of LSO funding, it is apparent that the refusal by OEO to release our funding is a suspension. The regulations implementing the Economic Oppor-

¹ The explanation for the reduction of grant size given by OEO representative Robert Parker was that LSO was doing a less efficient job of representing clients than the Legal Aid Society of Indianapolis, whose attorneys claimed to have represented more than one thousand (1,000) individual clients per attorney per year. Parker spoke to the LSO Executive Director, Mayor Lugar, Judge Patrick Sullivan, Thomas Hasbrook, President of the City-County Council, W. W. Hill, Public Service Commission Chairman, Karl Stipher, President of the Indianapolis Bar Association, Douglas Shortridge, President-Elect of the Indianapolis Bar Association (effective 1974), Attorney Lawrence McTurnan, Judge John Niblack and Judge Joseph Myers. Parker spoke to no other judge, particularly the federal bench, no LSO Board members, no LSO staff attorney, no community organizations, no other responsible leaders of the Bar, and no clients. Mr. Shortridge and Mr. McTurnan are members of the Concerned Lawyers who, along with Judge Niblack and Judge Myers, have taken an activist position in opposition to the Legal Services Program.

Parker's evaluation files in the face of two disinterested evaluations done of LSO in the past six months. In September, 1972, a nine-man OEO evaluation team, which included four representatives chosen from the Indianapolis community, made a complete evaluation of LSO during a one week period (45 man-days) and concluded that LSO was an excellent program, one that was improving rapidly, and specifically recommended that its funding level not be reduced. In December 1972 a five-member committee chosen by the City-County Council also evaluated LSO and likewise recommended that it be funded at the same level as last year subject to certain conditions which LSO is in the process of meeting.

² Mr. Shortridge, an Indianapolis attorney in private practice and the President-Elect of the Indianapolis Bar Association (effective January 1974), is distinguished by his outspoken and persistent opposition to this organization. He has stated repeatedly that his objective is "to drive LSO out of business." To allow Shortridge to personally select out and control the membership of our Board of Directors would completely politicize the program.

tunity Act provide the only method by which OEO can suspend grantees, 45 C.F.R. § 1067. These procedures require that prior to suspension of funding by OEO, the affected program must be given notice and an opportunity to show cause why the assistance should not be suspended. These are elementary due process safeguards which have been ignored by OLS while our program has been subjected to informal, but nevertheless functional, suspension of funds. The impact which this fund freeze will have on our existing caseload of approximately 1500 is impossible to predict. However, it is clear that the termination of representation of our existing clients will do irreparable harm to substantial numbers of poor people and to the present credibility of this program with the poor and representatives of the poor in this community.

2. Special Condition No. 1:

We have no objection to responses from the local and state bar associations regarding our operation. Our position is that this procedure is presently required by OEO Instruction 67-10-1 and LSO followed such a procedure when its present grant application was submitted to OLS in Washington.³

To the extent that Condition 1 requires LSO to undergo additional evaluation by the Local Bar Associations, this can only be viewed as an attempt to provide a superficial data base to support pre-conceived bias against the continued operation of a Legal Services Program which has any kind of strength, client credibility and self-respect.

3. Special Condition No. 2:

We have no objection to this condition.

4. Special Condition No. 3:

Insofar as this condition is no more than a reaffirmation of the conditions imposed by the City-County Council (See ATTACHMENT II), we have no objection; however, the condition is clearly more than a reaffirmation and is objectionable in several respects.

The requirement to submit individual board member names to the Office of Legal Services for "concurrence" is a serious and substantial violation of local control. It creates a very real risk that the program will be controlled by a small group of ideologically-oriented individuals in Washington, D.C. It is perfectly obvious that any OLS "concurrence" can only be *pro forma* without some guidance from local people who are familiar with the individual board members nominated. The Executive Director of LSO has been explicitly and directly told by Robert Parker of OLS that in order to assess the wisdom of "concurrence," OLS would "look to Douglas Shortridge for guidance." The objection we have to providing Mr. Shortridge with this veto power has been set forth above.

Our position is that "concurrence" by OLS of our individual board members is a serious violation of local control. Without first hand knowledge of the members, OLS concurrence can be nothing but an absurd formality—unless OLS intends to politicize the program so that only those members who have acceptable philosophical and political persuasions will be approved. Such a purpose would be disastrous to the goal of equal justice for all.⁴

³ The response of the Indiana State Bar Association was signed January 2, 1973 by Mr. E. B. Lyle, Executive Director of the ISBA. Mr. Lyle indicated that the State Bar Association had been consulted in the planning of the proposal and that "We favor the proposed project."

The Indianapolis Bar Association response was signed by its President, William J. Wood, and is dated January 2, 1973. Mr. Wood indicated that the Indianapolis Bar Association plans to provide support to the proposed project. These responses from the responsible officers of the state and local Bar Associations were recorded on OEO Form 394 as required and have been received by OLS. If Special Condition #1 means something in addition to the above, it would appear designed to provide an obvious opportunity for the Indianapolis Bar Association President-Elect to further his stated purpose of driving LSO of Indianapolis "out of business."

In addition, the LSO-Legal Aid sub-committee of the Indianapolis Bar Association in conjunction with the Evaluation division of OLS spent 45 man-days last September evaluating this program. This written evaluation satisfied a Bar Association commitment to the membership to conduct such an evaluation. The 9-man team was composed of five (5) OEO experienced evaluators and four (4) local evaluators, including representatives of the Indianapolis Bar Association, the City-County Council and the State Judiciary. This objective report was unanimous and highly favorable to our operation and contained some useful and constructive suggestions which we have incorporated in our operation. This lengthy and exhaustive evaluation has been given wide circulation as concluding our program to be one of the best in the nation. This evaluation is, of course, in the hands of OLS and OEO.

⁴ If "guidance" is to be provided in any kind of rational and objective way, it should come primarily from the City-County Council, the Mayor and the current President of the Indianapolis Bar Association, not exclusively from a private citizen with an announced ideological bias directly antithetical to the continued existence of this program who will not even take office until 1974.

5. Special Condition No. 4:

The fourth grant condition—that LSO attorneys exhaust “all available State and local administrative and/or judicial remedies” before bringing an action in Federal Court on behalf of a client—is a flagrant usurpation of the constitutional rights of poor people. By effectively barring poor people from filing suit in Federal Court to enforce or vindicate federally-created rights, it denies poor people (clients of LSO) equal protection of the law. LSO attorneys, like attorneys in private practice, attempt to resolve the disputes and problems of their clients as easily and expeditiously as possible. The great caseload which every LSO attorney labors under necessarily encourages him to utilize state and local administrative remedies *when they truly hold the possibility of adequate relief*. However, situations do arise when a state statute, regulation, or ordinance is contrary to rights secured by the Federal Constitution or Federal statutes. In such instances, even should a state or local administrative official agree, he is bound to follow and apply the state rule. When these situations arise for our clients, the risk of irreparable harm unless immediate relief is obtained is frequently very real—for instance, the termination of one's welfare assistance for one who is impoverished is a desperate situation. In such situations, an LSO attorney must be able to seek redress for his client in Federal Court if he believes the governmental action has violated his client's Federal rights.

Nearly one hundred years ago, Congress broadened the jurisdiction of the Federal Courts so that Federally-created rights, particularly civil rights, could be protected and enforced by the Federal judiciary. This action was taken because the State Courts had failed to live up to their obligation to protect and enforce these Federal rights. Special Condition 4 turns the clock back a hundred years and virtually bars poor people from filing suit in Federal Court. For if a poor persons must first litigate his Federal claim in state court, as Condition 4 requires, *the state court decision on that claim is absolutely binding on the Federal Court under the doctrine of res judicata*. It is clear beyond the shadow of a doubt that a person is not and cannot be required to exhaust state *judicial* remedies as a pre-condition to filing suit in Federal Court based on Federal constitutional or statutory claims. *Monroe v. Pape*, 365 U.S. 167 (1961); *Wilwording v. Swenson*, 404 U.S. 249 (1971). It is likewise clear that a person cannot be required to exhaust state *administrative* remedies when he has challenged the constitutionality of a statute or administrative regulation on its face; *Carter v. Stanton*, 405 U.S. 669 (1972); *Damico v. California*, 389 U.S. 416 (1967); *McNeese v. Board of Education*, 373 U.S. 668 (1963); nor can a person be required to exhaust state *administrative* remedies before bringing a Federal suit when he is challenging on constitutional grounds a state statute or regulation as applied by state or local officials; *Damico, supra*; *Metcalf v. Swank*, 406 U.S. 914 (1972), *vacating* 444 F. 2d 1353 (7th Cir. 1971).⁵

The exhaustion requirement of Condition 4 not only denies clients of LSO equal protection of law, it also interferes with the attorney-client relationship and makes second-class citizens out of both LSO attorneys and their clients. The unconstitutional limitations which Condition 4 impose on LSO attorneys clearly deprive the LSO attorney of the right to represent his client in the same matter as would a private attorney in violation of Canon 7 of the Code of Professional Responsibility, which provides that “a lawyer should represent a client zealously within the bounds of the law”, and in violation of Canon 5, which provides that “a lawyer should exercise independent professional judgment on behalf of a client.” There is no justification for barring poor people access to the Federal Courts when they have claims which, in the judgment of their attorneys, must be filed in Federal Court in order to protect their rights.

6. Special Condition No. 5.

Condition 5 requires that LSO attorneys be governed by a special Code of Conduct and Professional Behavior. If Condition #5 requires no more than attorney compliance with the *Code of Professional Responsibility* and *Canons of Ethics*, then we certainly have no objection since these are the ethical conditons

⁵ It is important to note the unanimity of the United States Supreme Court on this question. In its most recent case considering the question, a case brought by LSO, the Court unanimously reversed the district court's dismissal of the case based on failure of LSO to exhaust state administrative remedies. *Carter v. Stanton, supra*. In *Wilwording* the Court summarily reversed the district court which had required exhaustion as a pre-condition to suit, with only one member of the Court dissenting (on the belief that the case should not be summarily reversed, but rather set for oral argument). Similarly, in *Damico*, only one Justice dissented from the ruling.

under which all attorneys practice. All attorneys admitted to practice law in the State of Indiana must take an oath that they will abide by the Canons of Ethics and Code of Professional Responsibility, as promulgated by the Indiana Supreme Court.

However, it is implicit in this condition of an additional Code of Conduct that LSO attorneys are to be singled out and restricted from conduct permissible by attorneys in the private bar. Although this draft of the condition does not contain the language, the previous draft contained language that this Code of Conduct was to contain a provision forbidding LSO attorneys to take action that would bring "the discredit or scorn of the Bar or Bench on the program." If this is to be the tenor of the Code of Conduct, then the proposed Code is a flagrant violation of Canon 7 and Canon 5 of the Code of Professional Responsibility, which have been set out above.

Since poor people have far greater dealings with the service aspect of State and local governments than people who are of means, it is only natural that they will have more disputes and litigation with government agencies. It likewise is only natural that some of these cases against governmental agencies will be unpopular. The special Code of Conduct for LSO attorneys envisioned by OEO will clearly have a chilling, if not deadening effect, on the filing of suits against governmental agencies by LSO attorneys, because of the possibility that a few such suits may be deemed controversial in the eyes of a few members of the Bench or Bar.

That our fear is well-founded is apparent from the reality that this "Code of Conduct" will be written by a Board of Directors individually selected out and approved by Mr. Shortridge—a code which we must agree to comply with in advance without any knowledge of the content. The conditions is at least vague and overbroad, giving a Board, as yet unnamed, unlimited authority to require as yet unspecified terms with which staff attorneys must comply at the risk of summary dismissal. See Special Condition #6.

The regulation of attorney conduct and professional behavior is the province of the Indiana Supreme Court and its Disciplinary Commission. That this machinery is in operation is evidenced by the number of local attorneys cited for contempt by local courts and disbarred by the Indiana Supreme Court in recent years. No LSO attorney has ever been treated with disbarment proceedings nor cited for contempt by local courts, although these remedies and sanctions have been and continue to be available and have been applied to others when the situation warranted.

What possible justification can there be for making a special classification of Legal Services attorneys in the area of conduct and professional behavior? What possible justification can there be for holding LSO attorneys to a stricter standard than private attorneys or attorneys employed by government agencies?

7. *Special Condition No. 6:*

Insofar as Condition 6 provides a sanction of termination of employment, summary or otherwise, for violation of Condition 5, it is objectional for the reasons cited in Section 6 above. The potential for intimidation by the judiciary and ideologically-opposed members of the bar are apparent. The already severe problems of quality legal representation of the poor will be compounded to the breaking point if each LSO attorney is consistently forced to choose between (a) possible summary termination of employment, and (b) not representing his client "zealously" as required by the *Code of Professional Responsibility*.

8. *Special Condition No. 7:*

We have no objection to this condition on its face; however, some of the terminology employed is subject to a variety of interpretations. For example, we do not engage in partisan (i.e., Republican, Democrat, AIP, etc.) political activity nor do we have any wish to do so. However, a substantial portion of our effort is devoted to the representation of group clients, such as neighborhood organizations, tenant and welfare rights groups. We do not organize groups nor do we have any desire to do so. Full representation of such groups frequently requires that we lobby with the Indiana Legislature on their behalf, as would any private attorney registered as a lobbyist. Does that constitute "partisan" political activity or promotion of a "cause"?

In addition, we provide community legal education in the form of personal appearances and newsletters in an attempt to provide preventive legal education to our client community about the law and their rights and responsibilities under the law. Do such efforts constitute promotion of a CAUSE or efforts to

organize SPECIAL INTEREST GROUPS? If so, the "cause" is justice for the poor and the "special interest" is an attempt to break the cycle of poverty by working through the system of law and education.

[Telegram]

J. LAURENCE MCCARTY,
Acting Association Director,
Office of Legal Services OEO, Washington, D.C.

TO REGIONAL DIRECTOR REGION V: The refunding of the community action agency of greater Indianapolis, Indiana (Grant No. 50358) is hereby approved for six (6) months in the amount of \$159,494 for the period beginning February 1, 1973. You are authorized to execute all documents including OEO form 314, to obligate the funds, and to process the grant in the most expeditious manner.

Special condition(s) to be attached to the grant include:

(No. 1) In instances where a bar association response has not been received by the office of legal service, the following shall apply: the legal services grantee (delegate) shall within 60 days from the date of release of funds, submit to the regional legal services director a report containing letters from the State bar association and from principal local bar associations in the area served by the program commenting upon the renewal application, together with any response which the program wishes to make concerning items contained in such letters. If it has not been possible to obtain comments from the bar associations, the report shall indicate the steps taken by the legal services program to obtain comments from the bar associations. (No. 2) The delegate legal services grantee shall prepare and submit to the regional legal services director on or before May 1, a six months refunding application as a limited purpose agency, including where necessary a successor in interest agreement with grantee.

(No. 3) The delegate legal services grantee shall adopt and comply with the provision of section 2 of Indianapolis, Marion County Indiana, city-county fiscal ordinance No. 5, 1972 implementing proposal No. 469, 1972, prior to release of funds the delegate legal services grantee shall submit to the office of legal services for concurrence the names of those designated to serve on the board of directors reorganized pursuant to section 2(a) of said fiscal ordinance No. 5, 1972.

(No. 4) The delegate legal services grantee shall within 30 days from the date of release of funds submit to the office of legal services for concurrence standard operating procedures to insure that all available State and local administrative and/or judicial remedies have been exhausted before bringing any action in federal court on behalf of a client.

(No. 5) The legal services grantee shall within 30 days from the date of release of funds submit to the legal services for concurrence a code of conduct and professional behavior for attorneys employed by grantee. (No. 6) The delegate legal services grantee shall not continue to employ any attorney who violates its code of conduct and professional behavior.

(No. 7) The delegate legal services grantee shall not permit the use of grant funds or paid time of its employees for the promotion of any partisan political activity or cause, including efforts to organize special interest groups.

A PROPOSAL FOR FISCAL ORDINANCE TRANSFERRING AND APPROPRIATING THE SUM OF \$172,236 FOR CERTAIN PROJECTS AND ACTIVITIES OF THE COMMUNITY SERVICES PROGRAM AND AUTHORIZATING THE MAYOR TO EXECUTE AN AMENDMENT TO THE GRANT AGREEMENT WITH THE UNITED STATES OF AMERICA, TO INCLUDE THOSE PROJECTS AND ACTIVITIES IN YEAR 3 OF THE COMMUNITY SERVICES PROGRAM

CITY-COUNTY FISCAL ORDINANCE NO. 5, 1972

Whereas, by a grant agreement executed August 24, 1970, between the United States of America and the City of Indianapolis, the City of Indianapolis became a participant in and receives Federal assistance for carrying out of the Comprehensive Program under Title 1 of the Demonstration Cities and Metropolitan Development Act of 1966; and

Whereas, the City-County Council by its adoption of General Resolution No. 27, 1972, authorized the submission of the proposed 1973 program amendments for Action Year 3 to the Secretary of Housing and Urban Development; and

Whereas, the City of Indianapolis desires to carry out an amended Comprehensive Program with further Federal financial assistance under said act; and

Whereas, the proposed Action Year 3 amendments to the Comprehensive Year Program are described and set forth in a revised budget grant submitted to the Secretary (copies of which dated, October 6, 1972, are on file with the Clerk of the Council and incorporated herein by reference) and have now been submitted to this Council for appropriate action upon the appropriations therefore; and

Whereas, the City-County Council determines to approve the projects and activities as hereinafter defined and to appropriate the funds for the same, all in accordance with this ordinance; now, therefore,

BE IT ORDAINED BY THE CITY-COUNTY COUNCIL OF THE CITY OF INDIANAPOLIS AND OF MARION COUNTY, IND.

SECTION 1. Of the Action Years 3 amendments to the Comprehensive Year Program set forth in the revised grant budget submitted to the Secretary of Housing and Urban Development, those activities and programs relating to Crime and Delinquency are approved in accordance with the appropriations authorized by this section. From the unappropriated and unencumbered Community Services Program Fund (a Federal grant), the following sums are appropriated for the purposes, programs and activities as follows, provided that said appropriation shall be spent at a rate no greater than one-twelfth ($\frac{1}{12}$) the appropriation per month, to wit:

COMMUNITY SERVICES PROGRAM—FUND

200 services contractual.....	\$172, 236. 00
Expanded legal services.....	172, 236. 00

SEC. 2. That the contract between Legal Services Organization and the Community Services Program, contain the following conditions of operation:

a. That LSO reduce the Board of Directors from 25 members to 15 members with four members appointed by the City-County Council: four members appointed by the Indianapolis Bar Association; one member by the Marion County Bar Association; one member by the Mayor and five members democratically selected by the client community. Nine of the 15 Board members are to be lawyers.

b. That an Executive Committee of five members of the Board of Directors consisting entirely of lawyers be appointed to meet weekly to review and approve the initiation of litigation in all non-routine cases before an attorney-client relationship is established.

c. That an investigation be made to determine the eligibility of prospective clients before accepting any case and initiating any litigation.

d. That conferences and negotiations precede possible litigation to avoid unnecessary litigation whenever possible.

e. That all statements and news releases be reviewed and issued by the Executive Director or President under policies established by the Board of Directors.

f. That LSO continue the Internal Litigation Review Committee recently established by LSO.

SEC. 3. That the Director of the Community Services Program and the Controller are directed not to make any disbursement of funds under said contract until adequate proof is furnished that the operational conditions in Section 2 are met in full.

SEC. 4. The Mayor is authorized to accept the revised grant budget as it pertains to these activities approved in Section 1 and to execute an amendment to the Community Services Program grant agreement to that effect.

SEC. 5. The Mayor is authorized to do all things necessary, to carry out the Comprehensive Program in accordance with this ordinance, including the submission of such reports, certification, and other material as the Secretary shall require.

SEC. 6. The Controller or his successor or his delegate may do all things required to be done in order to obtain payment of the grant, including but not limited to the selection of a commercial bank to receive payment vouchers, the submission of signature specimens, and the filing of requests for payment.

SEC. 7. The City-County Council assumes full responsibility for assuring that all grant funds will be used in an economical and efficient manner in carrying out the Comprehensive Program, as amended, and assures the necessary non-Federal share of the costs of program administration.

SEC. 8. This ordinance shall be in full force and effect from and after its passage and approval by the Mayor.

CITY OF INDIANAPOLIS,
March 15, 1973.

Mr. NORMAN METZGER,
Executive Director, Legal Services Organization of Indianapolis, Inc., Indianapolis, Ind.

DEAR NORM: I appreciate the correspondence I received from you further indicating your concern for the various conditions placed upon the Indianapolis office of LSO by the Washington office of OEO.

I have been in contact with various persons in Washington, indicating that I share your concern about these conditions. I am hopeful that we will be able to resolve this matter in a satisfactory manner.

Sincerely,

RICHARD G. LUGAR,
Mayor.

CITY OF INDIANAPOLIS,
March 16, 1973.

Mr. HOWARD PHILLIPS,
Acting Executive Director,
Mr. J. LAURENCE MCCARTY,
Acting Associate Director, Office of Legal Services, Office of Economic Opportunity, Washington, D.C.

GENTLEMEN: You are aware of the serious cash flow problem presently experienced by the Legal Services Organization of Indianapolis, Inc. Out of our concern for maintaining continuity of services to people, the City of Indianapolis is acting to report directly to you that it is satisfied that this organization is complying with the conditions set forth by our City-County Council. Specifically, I have attached the list of members of the LSO Board of Directors as it will be constituted to comply with local Fiscal Ordinance #5-1973. The current board and staff have indicated that they will finalize compliance with the remaining conditions immediately upon installation of the new board members.

We are satisfied that LSO's acceptance of the conditions renders completion of the extended process of local review and evaluation of this agency for this funding cycle. In view of this, your immediate release of funds or borrowing authority is urgently requested.

Sincerely,

RICHARD G. LUGAR,
Mayor.

Enclosure.

LEGAL SERVICES ORGANIZATION OF INDIANAPOLIS, INC., BOARD OF DIRECTORS
1973-74

NAMES	NOMINATING AUTHORITY
	Mayor Lugar
1. Sue Ann Starnes	} Representatives of City-County Council
2. Judge Charles W. Applegate	
3. W. W. Hill	
4. John O. Moss	
5. Robert W. Wade	
6. Clarence H. Doninger	} Representatives of Indianapolis Bar Association
7. Paul J. Corsaro	
8. Judge Joseph N. Myers	
9. Robert G. Mann	
10. Judge Clarence D. Bolden-----	Marion County Bar Association
11. Robbie Williams	} Representatives of Client Community
12. Ora Lee Johnson	
13. Betty Cameron	
14. James W. Burnett, Jr.	
15. Willard B. Ransom	

NORMAN P. METZGER,
Executive Director.

[From the Washington Post, Mar. 10, 1973]

OEO RESTRICTS INDIANAPOLIS LEGAL SERVICES

(By Lou Cannon)

The Office of Economic Opportunity has given control of a controversial legal services program in Indianapolis to its critics and imposed tough new restrictions on attorneys who serve in the program.

A funding grant approved by OEO for the Indianapolis Legal Services Organization attaches seven "special conditions," which include approval of the program by the local bar association, OEO veto power over the legal services board of directors, and restrictions to prevent attorneys from taking cases directly into federal court.

"This will give us a good viable program that no one will ever hear from any more," said Douglas Shortridge, president-elect of the Indianapolis Bar Association and a foremost critic of the present program.

Shortridge said the Indianapolis legal services program became preoccupied with "so-called great causes like prison reform while neglecting the common guy in the street." He added that the new grant will in effect force the legal services board to accept the restrictions or resign.

"If they want to take their marbles and go home, we'll find someone who will do the job instead of subsidized Don Quixotes," Shortridge said.

Shortridge and four Indianapolis judges were cited by OEO Legal Services Director J. Laurence McCarty as the principal critics consulted by OEO headquarters prior to its decision on the grant.

More than any decision on legal services taken since Howard Phillips became director of OEO on Jan. 31, the Indianapolis funding reflects the agency's new philosophical direction.

Phillips wants legal services to stress individual services for indigent clients rather than class actions directed at elected officials. This is the precise controversy in the Indianapolis program, which Shortridge says has "lost sight of the purpose of legal services."

Among the cases he objected to were class action suits involving prison and jail reform and a suit filed against censorship of an underground high school newspaper which Shortridge said was "pretty vile." He also objected to class action suits against the state's garage lien law and various tenant actions.

"They're trying to find cases as a vehicle to raise significant constructional issues," he said. "There are a lot of people who need help, and these are not the kind of cases which help the needy people of Indianapolis."

Jo Ann Raphael, director of community legal education for the Indianapolis Legal Services Organization, said the program has served 8,000 people in the past 18 months, mostly in cases involving consumer issues, garnishments, evictions, divorces and other domestic issues.

"We have 15 lawyers and we do not turn people away," she said. "We haven't been all that aggressive in pursuing law reform cases."

The lawyers in the programs have not been paid for the past two weeks. But McCarty said he will give them authority to borrow money against the \$160,000 grant approved by the OEO as soon as the board agrees to the conditions.

McCarty said the conditions do not represent any desire by OEO to cripple legal services, but instead are "an attempt to save it."

"It's an intolerable situation when the bench and the bar are divided over the program," he added.

OEO's decision to refund but with stringent conditions leaves the Indianapolis Legal Services Organization with the dilemma of refusing the grant or accepting a program that will eschew the "so-called great causes" cited by Shortridge. McCarty said that OEO insisted on approval of each board member to insure that its restrictions would be carried out.

Miss Raphael said the requirement to exhaust all local and state remedies before taking a case into federal court was "a limitation on jurisdiction that would be very difficult for attorneys to accept."

In a news conference, Rep. John Conyers (D-Mich.) called upon the Democratic leadership in Congress to unite behind legislation he has introduced which would specify that OEO reorganization requires congressional approval.

"Unless Mr. Carl Albert and Mr. Mike Mansfield challenge the President, all the rest of us can do is make speeches and moan about the demise of Congress," Conyers said.

He said OEO's community action programs have been "the symbol and keystone of the national government's commitment to end poverty in America."

[From the Indianapolis Star, Mar. 9, 1973]

LSO To BE FUNDED BUT GETS \$75,000 CUT

(By Myrta Pulliam)

Legal Services Organization (LSO) of Indianapolis received official word yesterday that it will be funded, but with a \$75,000 budget cut.

However, before the funds are made available, it will have to meet several strict conditions, including reorganizing itself as demanded by the City-County Council.

Robert Parker, Office of Economic Opportunity deputy director of operations for Legal Services at Washington, D.C., said that LSO will receive \$300,000 for this year's program, \$75,000 less than LSO requested.

Meanwhile LSO is "broke" according to Norman P. Metzger, executive director of LSO. Part of the staff did not get paid Wednesday and one attorney has had to take out a 90-day loan, Metzger said.

Parker said the financial cut was made because the program was "over-funded." Parker was in Indianapolis Tuesday to investigate the program. "There was evidence that the way the program is utilizing its attorneys is not the most economical," Parker said.

Metzger pointed out that LSO has received \$375,000 year for the last three years. "With the cost of living increase, that means we've gotten an eight per cent cut in our budget each year, so I don't see how we can be over-funded."

Parker said that the money is needed for other legal services programs throughout the country "which have done an excellent job. This one just doesn't deserve the money," he said.

He said that he learned when he was here that Legal Aid Society's caseload here "far exceeds" that of LSO, and it has only four attorneys and a budget of \$80,000.

He said he received figures that showed each Legal Aid attorney has a caseload of 1,000 cases.

Metzger said that the National Legal Aid and Defender Association's standards state that it is unethical for an attorney to handle more than 500 cases. "It's humanly impossible for an attorney to handle that many cases and do a good job," he said.

LSO also will have to reduce its board from 25 members to 15, which it is in the process of doing now. The Washington office will have to approve the new board members.

LSO Board President Robert D. Risch said he thought that national office review of board appointments is a bad policy. "It would be fine for them to review our method of selection, but having say over individual members takes the choice out of the local community."

The national office added several general requirements which will apply to all legal services programs throughout the country.

Under those, LSO will be required to submit a code of conduct for its attorneys. Both Risch and Metzger questioned this requirement, pointing out that all Indiana attorneys are subject to the code of professional responsibility adopted by the Indiana Supreme Court and approved by the Indiana Bar Association.

Risch called the requirement very peculiar. "Does OEO mean that we have to require something different than what is required from other attorneys? And do we have to fire attorneys who don't follow this code? That could give control of our staff to the judges and that would be judicial intimidation."

Another condition states that LSO will have to set up "standard operating procedures to insure that they have exhausted all local remedies before taking a case to Federal court."

Risch said that such a requirement does not apply to others now, and that this would be discrimination against the poor. The time delays would result in second class treatment for clients, he said.

Neither Metzger nor Risch is sure that LSO can or will meet the requirements. An emergency session of the board will be held next week to discuss the requirements.

Deputy Mayor David O. Meeker Jr., who was informed by Parker of the requirements yesterday, said that the city is not opposed to the requirements "as we understand them."

LSO has already received final approval for a \$172,000 grant from the Federally funded local Community Services Program, but cannot receive the money until it has reorganized.

LSO AGENCY ONE OF BEST IN NATION: U.S. REPORT

(By Stephen L. Castner)

The Legal Services Organization of Indianapolis Inc., is one of the best such programs in the nation, according to an evaluation completed this week of LSO and the Indianapolis Legal Aid Society Inc.

LSO and the Legal Aid Society are the two principal Indianapolis organizations that provide legal services for the poor.

The Legal Aid Society, the older of the two agencies, should redefine its role in order to be more effective, the report says.

A team of local persons appointed by the Indianapolis Bar Association and inspectors from the United States Office of Economic Opportunity conducted the evaluation during the week of Sept. 10.

Statements of the team may have an effect upon refunding of the LSO program, which is before the City-County Council, and on Wednesday's Indianapolis Bar Association elections, in which the role of LSO is an issue.

LSO is funded primarily with Federal money under the OEO program, while Legal Aid depends entirely upon gifts from foundations and local charity drives.

Among criticisms of Legal Aid were that it counts nearly all contacts with potential clients as cases, thereby giving the impression that the agency provides greater service than it does.

LSO, on the other hand, has been criticized by local attorneys because it does not handle as many cases as the smaller Legal Aid staff, although LSO tallies a case only when the matter is pursued.

"We have our accounting system, and they have theirs," responded John J. Dillon, a member of the Legal Aid Board and a former Indiana attorney general.

"The report was devised largely on guidelines for the evaluation of LSO programs that are set by the Office of Economic Opportunity.

"We set our own guidelines," he stated.

Dillon also said that the report contains "some factual errors."

Legal Aid should not handle criminal cases, the report says, because the staff is not sufficiently large for that added caseload.

Dillon pointed out that "we had to do so because LSO can't." The restrictions on LSO are imposed by Federal law.

Evaluators praised the work of Judy Hamaker, who operates the LSO domestic relations program. LSO has been accused of soliciting divorce cases, but no such finding is in the report.

There is criticism of LSO for requiring clients to make appointments, thereby limiting the number of cases. Also, the report says, LSO does not satisfactorily respond to legal emergencies of clients that require immediate attention.

Norman P. Metzger, LSO director, said that his agency adopted in July "an emergency intake procedure that is very detailed and specific."

Also, LSO published an office procedure manual in May for the entire staff and is taking steps to have a continuing legal education program for its attorneys, he added.

Critics of LSO in the bar association and the City-County Council have said that its young attorneys are given to taking on legal crusades, thereby slighting routine legal services.

The evaluation stated that LSO should be better organized to provide greater supervision for the young attorneys.

"In response to the oral debriefing given at the end of the evaluation week, we established an internal committee of staff members that will periodically review cases filed to insure that professional standards are observed," Metzger said.

"In June," he added, "we created the positions of chief counsel and director of litigation. These lawyers supervise the less experienced attorneys in the organization and train them to be better lawyers."

Legal Aid, the report noted, has not reset its priorities since LSO came on the scene several years ago.

Douglass R. Shortridge, the head of a rump slate vying for leadership of the bar association, said that the report was a product of a "stacked deck."

Shortridge's group, the Concerned Lawyers' Committee, is the first full slate to challenge the candidates of the association nominating committee in 40 years.

"You've got to look at the people who were on the evaluation team," he said. "The members already had their minds made up."

Local members of the team were appointed by a committee of the bar association. Members were: Judge Patrick D. Sullivan of the Indiana Court of Appeals; James R. Dove, research director of the Community Service Council of Metropolitan Indianapolis Inc.; the Rev. Donald N. Griffin, a City-County councilman, and Prof. Jeremy Williams of the Indiana-Purdue University, Indianapolis, Law School.

"The report will be immediately subject to criticism as a prejudged white-wash," Judge Sullivan wrote in the report.

"Having participated personally in the evaluation hour-by-hour from Sept. 10 through Sept. 15, this evaluation can and does absolutely and without hesitation vouch for and verify the extraordinary objectivity and thoroughness exhibited by the other evaluators and of findings made by them," the judge concluded.

"If they are going to do a report on LSO and Legal Aid, they should make a survey of the judges and lawyers and citizens who have an intimate knowledge of them," Shortridge added.

"I think LSO should be redefined, and if it can't be redefined, then I think the bar association should withdraw its support as a sponsor."

Thomas A. Hendrickson, who was selected by the nominating committee and is opposed by Shortridge for the office of president-elect of the association, said that he is a Legal Aid Society member and is sympathetic with its goals.

He also noted that LSO is "trying to do a good job."

"I think the people who go in there are getting first-class legal services. The LSO attorneys go to bat for their clients the way a lawyer is supposed to."

Hendrickson said he has heard reports that LSO attorneys have sought cases in which they had political interests but that he has not seen specific examples of them "stepping outside their statutory guidelines."

He also noted that LSO has been "very systematic in sending clients that could afford a private attorney to the Lawyers Referral Service."

Thomas Hasbrook, president of the City-County Council, said the Public Safety Committee of the council will hold a hearing on the question of LSO funding before it is submitted to the full council Nov. 8.

The council must provide \$200,000 to match Federal money to keep LSO in operation for another year.

"The sentiment toward LSO in the council is not the greatest. There is an ideological gap there," he added.

[From the Indianapolis Star, Mar. 19, 1973]

ANTIPOVERTY FUNDS GIVEN AIM, NIXON OPPONENTS: OEO HEAD

WASHINGTON—Acting Director Howard Phillips of the Office of Economic Opportunity (OEO) said yesterday "middle level bureaucrats" channeled anti-poverty funds to the Indian group that took over Wounded Knee, S.D., and a welfare rights organization that opposed President Nixon.

Phillips mentioned the two groups when asked for specific examples of failures in community action programs, which are to be cut off from new Federal funds on June 30.

Phillips, in a UPI Washington window interview, said OEO funds have gone in the past "to support things like the American Indian Movement" and the National Welfare Rights Organization, which he called "a political organization which organized demonstrations against President Nixon during the (re-election) campaign."

"What I object to is taking Federal tax dollars and having middle level bureaucrats assign them to some groups like the National Welfare Rights Organization and say go out and organize," Phillips said.

He also said "there have been situations where regulations have not been adhered to, where extra funds have been allocated to salaries over and above what was authorized," and "other cases around the country where funds intended to help the poor were used for political purposes."

He offered no further explanation of the Indian or welfare episodes.

Phillips mentioned "a case in Salt Lake City" and "a case in Nassau County" New York, but declined to go into more detail to avoid prejudicing "specific actions in which we're engaged."

He said where the law is being violated and where we can prove the law is being violated, we are taking tough, prompt and effective action." In other

cases, he said, the administration is taking the position that local elected officials "are better able to decide how these funds should be used to benefit the poor than are some anonymous bureaucrats in Washington who are not accountable to public authority."

Phillips also criticized the OEO-financed Legal Services Program For The Poor.

[From the Indianapolis Star, Mar. 14, 1973]

NEW BAR HEAD WOULD OUST LSO DIRECTOR

(By Myrta Pulliam)

Douglass R. Shortridge, president-elect of the Indianapolis Bar Association and an outspoken critic of Indianapolis' Legal Services Organization (LSO), has begun a campaign to replace LSO Executive Director Norman P. Metzger with someone who will "take over LSO and make it work."

Shortridge, in a letter to members of the bar association's board of managers, said: "In order to make LSO a viable organization which will represent needy individuals . . . I am now convinced that certain personnel changes are necessary."

Shortridge called Metzger a "Don Quixote" and a "fine man who should be in practice," saying he had caused problems in the way he has run the program.

Shortridge said he didn't think there would be any problem finding a replacement. "We probably have 1,400 attorneys around here and we could have a home grown home town director." Metzger served as head of the LSO at Fort Wayne before coming here.

Shortridge has chosen four people as LSO board members, but did not say who they are. Under the City-County Council's reorganization plan for LSO, the bar association appoints four members of the board.

"I think it is exceedingly important that the board of managers elect LSO board members who will give it a new look, and I am therefore asking for new faces," the letter said.

Robert D. Risch, president of the LSO board, said that any decision about a new director would be up to the new board when it is reorganized, but that he was personally against the removal of Metzger.

"I'd like to see him stay," Risch said. "He has developed one of the best programs in the country and attracted some of the best lawyers in the community and he's a good administrator."

Shortridge, however, said that Metzger's "track record shows clearly" that LSO has lost sight of its goals. "They should be helping the poor and needy. We don't need people who spend more time worrying about causes and reforming the system and forget about the guy walking down the street with a problem."

He cited the Corn Cob Curtain underground newspaper case, two suits filed by LSO against the Indiana State Reformatory at Pendleton, and several landlord-tenant cases.

Shortridge, in his letter, asked the board of managers to "join me in searching for someone from our own association who, it seems to me should be over 35, have a minimum of ten years' experience in the general practice, who can take over LSO and make it work."

The board will meet today to discuss Shortridge's proposals.

[From the Chicago Sun-Times, Mar. 18, 1973]

RALPH NADER—LAWBREAKER AT THE OEO

WASHINGTON—What can Congress do when a government official purposefully and systematically breaks the law, as the acting director of the Office of Economic Opportunity, Howard J. Phillips, is doing with White House approval?

Ideologically fueled by hatred for government programs to Americans who are poor and helpless, Phillips is pursuing the dismantling or subversion of OEO's legal services program and other OEO activities undeterred by a chorus of objections and charges of illegality from prominent law firms, OEO employees and both Democratic and Republican members of Congress.

Under the smokescreen of taking politics out of the legal services program and returning control to locally elected officials, Phillips and his crony-consultants are using every bureaucratic means to restrict and harass the legal services lawyers. This is being done pursuant to turning over the programs to local reactionary lawyers and politicians.

The law and proper procedures are pushed aside with fierce determination. Phillips had hardly gotten into his job on Jan. 31 when he violated his agency's own regulatory procedures designed to protect legal services grant recipients around the country. These rules included: 30 days public notice before any changes in grant procedures; notice to grantees of when they will receive funds held up by processing delays, and notice of intent to terminate with reasons and continued funding until opportunity for hearings on termination.

When House Education and Labor Committee members raised these questions before Phillips on Feb. 27, he had no answer and lamely passed the questions to his counsel who embarrassingly tried to gloss over these oversights.

Now Phillips has retrenched by pursuing the same purpose of undermining legal services through political action and restrictions from his Washington office. Rather than uniformly cutting off funds or not renewing grants, he is placing restrictions on these programs which suppress thorough legal representation of the poor and turn the local boards of directors to his ideological allies.

This is precisely what has occurred with the effective Indianapolis Legal Services program. Ignoring the recommendations of local officials, including the mayor's office, as well as reports by local and federal evaluators, Phillips cut a fifth of the program's funding, imposed seven "special conditions" on the program (including a restriction on using the federal courts) and turned control of the program over to its most vociferous enemies.

The Indianapolis situation shows that Phillips is not concerned with giving local officials more of a say. He is concerned with turning legal services over to its outspoken enemies by edict and continuing controls from Washington, at least until the entire national legal services program can be permanently scuttled.

The young oligarchs now running OEO also want to destroy the national "back-up centers." These centers, which are affiliated with universities, conduct research into poverty law relating to consumer, housing, health and other areas and respond to information requests by legal services attorneys. In turn, these attorneys have served millions of Americans and pioneered in the courts. They have won lawsuits against local and state lawlessness and commercial exploitation of the rights of consumers, tenants and workers.

It is to the stopping of this modest strengthening of the poor against the powerful that Phillips has directed his policies of illegality, deliberate bureaucratic snares, hostility and arbitrary dismissals of OEO employees who would uphold the law.

As acting director of OEO, Phillips' name has not been sent by the President to the Senate for confirmation, as required by law. He will now have to defend the charge in court by a group of senators seeking to remove him that he is holding his very office illegally. The President has not yet replied to the request by Sen. Harrison A. Williams, chairman of the Senate Labor and Public Welfare Committee, of Feb. 23, asking when the Phillips nomination would be forthcoming as required.

[From the Washington Star, Mar. 12, 1973]

CHARLES BARTLETT—FUTURE OF U.S. POVERTY LAW

A significant test of the new philosophic balance in the White House, will be a cliff-hanger decision by the President on the future supply of legal services to the poor.

A taut battle is underway, reliable reports have it, between those Nixon aides who want the President to propose once again the creation of a strong national corporation to fund and administer legal services and those who believe that the time has come to deliver the program into the control of the states.

The latter are brandishing Vice President Agnew's thesis that the poverty lawyers have been performing as "ideological vigilantes" whose concern for the routine legal problems of the poor is subordinated to their anxieties to perform as shock troops in moving the society to the left.

"What we have here," Agnew has written, "is the federal government funding a program designed to effectuate major political changes." So there is a conserva-

tive effort to persuade the President to shift his position and advocate a national corporation whose functions will be limited to the distribution of funds to be spent on legal services by newly-chartered state corporations.

This would meet an old objective of those bent on taming the operation that began in 1965 with the full support of the American Bar Association. Since the Nixon administration took control of the OEO, it has been frustrated in a series of efforts to push the local legal services offices into the restraining hands of local and state authorities.

To those who believe that poverty lawyers require free hands to cope with the diverse needs for their services, local control means political interference. This is because legal issues raised in behalf of the poor often develop into challenges of actions by local and state governments. The argument goes that if a state can inhibit the actions of its poverty lawyers, it can limit their pursuit of justice for their clients.

The strength of this argument deter the pragmatists in the White House, a group reported to include John Ehrlichman, who insist it is prudent for the President to be content with his opportunity to press through Congress the creation of a national corporation whose board of directors, chosen by the President, will control the program. He vetoed a similar bill last year because it diluted his power to pick the directors but he seems to have excellent prospects of making his position stick in the new Congress.

Powerful legal groups, including some of the nation's best known lawyers, are uniting in preparation for a battle against the Agnew-sponsored proposal in the event that it does emerge from the White House. They back proposals for a corporation with a broad-based range of directors but they are likely to fall in line behind the old Nixon proposals as their best hope of keeping alive the legal services effort.

It is being buffeted now by the OEO under Howard Phillips. In Indianapolis, for example, participation in a series of class action suits plus assistance to some high school students who wanted to publish an underground paper has kindled a bitter controversy. The City Council has demanded changes in the board of the legal services office and the OEO has announced the office will get no national funding until the changes are made.

A corporation reliant on Congress for its appropriations and on the President for its directors will have little incentive to tolerate irresponsible court actions. This is a wiser way to handle a hot potato than to assert that the pursuit of justice for the poor must be shaped and tempered to the varying moods of individual states and communities.

[From the Indianapolis Star, Jan. 11, 1973]

SPECIAL COMMITTEE HEARS 40 SUPPORT LSO

(By Robert N. Bell)

About 250 persons crowded into the public assembly room of the City-County Building last night to show their support of the Legal Services Organization (LSO).

More than 40 persons testified in support of LSO before the special-LSO study committee created by the City-County Council. LSO provides legal aid to the poor.

The council has asked the committee, headed by W. W. Hill Jr., chairman of the Indiana Public Service Commission, to make recommendations on how LSO can be changed.

The council must decide whether to give LSO \$202,000 in Community Services Program funds to help finance its operations.

The majority of those who spoke at the meeting last night testified as individuals in favor of LSO. There also were representatives of a number of civic organizations in favor of LSO.

No one at the meeting spoke against LSO, which has come under criticism from some council members and some members of the Indianapolis Bar Association.

Organizations which indorsed LSO at the meeting included: Butler-Tarkington Neighborhood Association, Indianapolis Black Caucus, Southern Christian Conference, Christian Inner City Association, Indianapolis League of Women Voters, Community Service Council, Women's International League for Peace and Freedom, City Demonstration Agency (Model Cities) Board, Community Action Against Poverty Board and the Near Eastside Community Organization.

Many spokesmen at the meeting previously have given testimony in favor of LSO to the council.

Four of the 29 councilmen were present at the meeting.

Mrs. Verdell Hines, a resident of the John J. Barton Apartments for the Elderly, brought applause and laughter when she told the committee LSO is needed because "although we are senior citizens you'd be surprised how much trouble we can get into."

Duane Etienne, director of the Near Eastside Community Organization, told the committee the LSO problem "boils down to the human problem that it's tough to take criticism.

"I hope LSO can carry on the job of serving the poor and in some instances ruffling a few feathers," Etienne said.

Amanda Strong, secretary of the Model Cities board, said the board listed the LSO program as high priority "because the residents have expressed a demand for its continuance."

She urged that LSO "be allowed to function within the scope and services outlined by the Model Cities board."

Hill said the committee is assembling material and testimony it has received on LSO and hopes to have a report for the council sometime in February.

[From the Indianapolis News, Dec. 8, 1972]

17 AGENCIES BACKING LSO

Representatives of 17 agencies, calling themselves "advocates of the poor," today issued a joint statement in support of the Legal Services Organization.

The statement said in part:

"We wish to express our strong conviction that there must be equal opportunity for all citizens, regardless of income, to have equal access to our legal system . . . that one standard of justice must prevail.

"We believe that LSO is presently providing this access and that it is the best vehicle in this community to continue this service."

The statement added: "It would be extremely regrettable that an organization which has shown so much growth and improvement in the recent past should have its potential thwarted by any reduction in funding level."

The group urged the City-County Council to rescind its action last Monday; refute any procedures that allow governmental decisions to be made in party caucus, in secrecy and in haste; and act favorably on continued funding of LSO, without adding restrictions that would violate the relationship between attorney and client.

"As advocates of the poor, we now stand together, expressing our desire to see that their legal rights continue to be met by LSO, an agency which is not above criticism but which is the only presently viable organization which can work through the established institutions of government for "justice and for peaceful and orderly social change," they said. The group included:

Baptist Ministerial Alliance; the Rev. James A. Williams, president.

Central Indiana Chapter of National Association of Social Workers; Richard G. Lawrence, president.

Church Federation of Greater Indianapolis; Dr. Robert W. Koenig, executive director.

Community Action Against Poverty; Robert DeFrantz, executive director.

Community Service Council; Kenneth Chapman, executive director.

Indiana Civil Liberties Union; Reid McFarland, executive director.

Indianapolis Lawyer's Commission; Niles Stanton, director.

Indianapolis Urban League; Sam H. Jones, executive director.

Interdenominational Ministerial Alliance; the Rev. Edgar Wade, president.

League of Women Voters of Indianapolis; Mrs. Robert Williams, president.

National Association for Advancement of Colored People; David Mitcham, president.

National Council of Jewish Women; Mrs. Sigmund Brenner, president.

National Council of Negro Women; Mrs. Doris Parker, president.

Operation Late Start; Mrs. Emma Johnson, director.

Southern Christian Leadership Conference; Rev. Andrew J. Brown, president.

United Northwest Area; the Rev. Ronald Williams, vice-president.

Women's International League for Peace and Freedom; Jane Clark, president.

[From the Indianapolis News, Dec. 7, 1972]

LSO SUPPORTED BY WOMEN VOTERS MARCH

*("Attend the Monday Night Magic Show and Watch Community Programs
Dissolve Before Your Very Eyes.")*

—A League of Women Voters picket sign

Members of the League of Women Voters marched on the City-County Building today in protest of the City-County Council's action on the Legal Services Organization.

They protested, primarily, the Council's handling of the LSO issue. Their ire was particularly raised by a closed Republican caucus which resulted in a proposal to change the name of LSO and appoint a committee to study how LSO should be run.

Meantime, the Council's action, was praised today by Mayor Richard G. Lugar, who termed the proposal "a reasonable position."

Lugar said, "I think they (the councilmen) are attempting to find some method of being sure legal services continue to be provided for the poor. It is important that we move on to some type of compromise on this problem, and I think that is what the Council is trying to do."

The Mayor acknowledged he recommended \$202,000 in Community Services Program funds be appropriated for LSO, but said the Council had a right to question the appropriation.

"I am not opposed to the proposed reorganization of LSO if this is what it takes to continue this much needed legal help for the poor," Lugar commented.

An open letter to the City-County Council from Betty Williams, president of the League of Women Voters, said:

"The Univog Council's performance last Monday regarding LSO comes close to making a mockery of the principle of open, ethical government. The public interest has neither been preserved nor protected.

"Instead of the highly representative and responsive council that Univog promised, we are back to the old 'smoke-filled room.'

"We will never know how councilmen would have voted on the present LSO program if they had been free to vote their individual convictions and had had the courage to go on record. Instead, party discipline was apparently imposed in secret caucus—in a maneuver which several councilmen tell us caught even them by surprise—and 20 councilmen swung into line."

Mrs. Williams asked the council to withdraw its resolution on LSO "and in the future refrain from making decisions affecting the public hastily and in private."

Criticism of the Council action also was voiced by Kenneth I. Chapman, executive director of the Community Service Council of Metropolitan Indianapolis, Inc.

Chapman, at a CSC board meeting yesterday, questioned the Council's legal power to make such drastic changes in LSO.

"If they (the Council members) want to negotiate changes to give LSO some money that is one thing, but to say they are going to change the composition of the LSO board of directors, create new operating guidelines and that sort of thing, that is not the Council's function," Chapman said. "I feel this is not legal."

Chapman said the CSC board has authorized the staff to do what is needed to resolve the controversy.

In his comments to the CSC board, Chapman noted that the Council provides only one-third of LSO's funding and said any changes in LSO should be in relation to the funding.

The Indianapolis Bar Association will deal with the LSO issue at a public meeting Monday at 3:30 p.m. in the lower concourse of the Indiana National Bank Building.

Henry C. Ryder, chairman of the LSO-Legal Aid Committee, will discuss an evaluation of both organizations made by the committee-along with four other members of the evaluation team.

Norman Metzger, executive director of LSO, today announced LSO will not accept any new cases at two of its offices—1955 N. Central and 2502 Station—until it is assured of receiving \$202,000 in CSP money.

The Council was scheduled to vote Monday on whether or not to approve the CSP appropriation, but delayed action until committee recommendations are made on what course LSO should follow.

Metzger indicated LSO was not taking the cases, because it had no assurance the funds would be received and could not afford to carry out the litigation if they were not.

Mr. HAWKINS. Let's hear from Mr. Houseman first, and then we will have a few questions for you, I am sure.

Mr. HOUSEMAN. I will attempt to keep my remarks brief.

My name is Alan Houseman. I am director of the Michigan legal services assistance program, which is a statewide backup center. I am also vice chairman of the Organization of Legal Services Centers, the organization representing the Nation and State backup centers, and in that capacity I am a member of the project advisory group of Legal Services.

I have prepared for this committee some written testimony which I would like included in the record if possible.

Mr. HAWKINS. Mr. Houseman, your statement in its entirety will be entered in the record at this point, including the additional documents supplementing the original statement.

Hr. HOUSEMAN. Fine.

[The statement and documents follows:]

STATEMENT OF ALAN W. HOUSEMAN, DIRECTOR, MICHIGAN LEGAL SERVICES ASSISTANCE PROGRAM

I appreciate the opportunity to appear before this committee to discuss the problems which legal services today and in the future will face under some of the proposals for change emanating from both the Office of Economic Opportunity and the White House.

My name is Alan W. Houseman. I am Director of the Michigan Legal Services Assistance Program, a state-wide center providing back-up litigation, legislative and administrative advocacy assistance to the 15 legal services and legal aid programs in Michigan. I also serve on the Board of Directors of one of the national back-up centers, the Center on Welfare Policy and Law. Formerly, I was a Reginald Heber Smith Fellow and have worked in local neighborhood offices in Detroit, New York and Cleveland. I am also on the faculty at Wayne State University Law School where I teach courses in welfare law, poverty law litigation, and urban legal problems. My background thus involves work in local legal services offices, state-wide back-up center, the national back-up centers, and teaching poverty law.

Although many programs have recently faced an extreme fiscal crisis (because of the cessation of funds and 30 day funding) and although many programs face today direct threats to their future viability because of restrictive grant conditions (which attempt to limit the attorney's response to client problems), my remarks will focus upon the national and state back-up centers which face total extinction under the present policies of the Office of Economic Opportunity and under some of the proposals for the future funding of legal services presently being discussed within the Administration (i.e., special revenue sharing).

Attached to this testimony are: (1) several sections of a recent (February 13, 1973) memorandum prepared for Howard Phillips, designed to "prepare a rationale for phasing the back-up centers out;" (2) a critique of this memorandum, which sets out, in brief, the fallacies of the argument and the total lack of factual support for its conclusions; (3) a short, descriptive background paper which explains the role of legal services and why the back-up centers are necessary to assuring the poor full and complete representation; and (4) an appendix describing the activities of the national and state back-up centers.

I. BACKUP CENTERS

Today there are 15 national back-up centers, several technical assistance projects, training programs and specialized impact units, and 5 statewide or regional back-up centers. These centers are primarily designed to provide the local legal services attorneys with back-up assistance to aid them in their efforts at provid-

ing full and complete representation to their clients. To do this, the centers have developed expertise in special subject areas, built up large specialized libraries, and developed contacts with the federal and state agencies with which the poor have daily contact and upon which their very existence often depends.

In response to the demands of local legal services attorneys and to national groups of the poor (such as the National Welfare Rights Organization, the National Tenants Organization, or the national senior citizens associations) the centers have also provided legislative and administrative advocacy for the poor on a national or statewide level. Further they have developed the expertise and resources to assist in major litigation or legislative or administrative efforts which require far more resources than the local legal services office can provide. Thus, the centers have provided legal services attorneys with the ability to accord their clients the same quality and competency of service available to the affluent.

To illustrate the necessity of the service they perform, let me use an example from my own experience as a local legal services attorney.

Soon after I began to work for Wayne County Neighborhood Legal Services, I was contacted by a number of parents from several schools in Detroit. They complained about the lack of school lunches at their schools or, in some cases, about their inability to pay for the lunches provided at the schools. My review of the relevant federal and state statutes convinced me that a possible claim could be made under the National School Lunch Act.

Before proceeding with litigation, I urged and assisted by clients in discussing the problem with the local and state school lunch administrators, with the local school board and with the state Board of Education. It became clear, however, that the Detroit school district was not going to provide school lunches to those schools in which there was no program and in schools with programs was not going to provide free or reduced price lunches to those children who were indigent. The state board had no funds available to help and had not been successful in obtaining appropriations from the legislature for the school lunch program. Thus, if I was going to provide any assistance to these clients, I had no alternative but to advise them to seek redress in the courts.

My research disclosed the following: the suit would have to be brought in federal court and would involve the local and state school boards and possibly the Department of Agriculture (which administers the school lunch program); there was no case interpreting the school lunch Act though the statutory arguments were viable; and to provide competent representation I would have to acquaint myself with large sections of legislative history, obtain extensive knowledge of the intricate and complicated financing arrangements of the school lunch programs (which were financed under four different statutory sections) and have the testimony of national experts on nutrition and school financing.

Because of the large intake and hundreds of requests for service with which I was faced, it was clear that I could not take the time to properly develop the case without affecting my other clients. No one else in the entire program had any knowledge of this specialized area and there was no other research source available in Michigan.

Fortunately, I became aware that the Center on Social Welfare Policy and Law had begun to develop the background of the Act, explore the possible remedies and amass information about the operation of the school lunch program. I knew too, that they had the resources and time to develop the case properly. Thus, I turned to them for assistance in order to provide my clients and others like them in Michigan with representation.

Suit was brought in the summer of 1969. A trial was held in April of 1970 and in the summer of 1970 the school board, with the assistance of the state, agreed to implement a school lunch program in all schools having a large number of poor children—some 70 new schools in all. In addition, the local board agreed to provide all indigent children a free or reduced price lunch. The effect of the litigation was even broader for the state placed renewed emphasis on efforts—which continue to this day—to assure programs in all schools within Michigan.

Without the assistance of the national back-up center (and later Michigan Legal Services), the case could not have been brought. Thousands of children in Michigan and Detroit would today be without the benefits of free and reduced priced school lunches. Those benefits are immeasurable. Our evidence established that without school lunches, children were malnourished and subject to permanent damage which might well affect future generations. Indeed, for some children, school lunches were the only well-balanced meal they receive; for others, it provided a much needed supplement to the meager diet their poverty forces

them to accept. In addition, there were direct benefits to the education of children for the performance of the children in the classroom has been shown to improve and discipline problems reduced. Thus, the litigation has helped many of Michigan's poor children.

There are numerous other examples of the need for state and national back-up centers. I will list only a few.

Without the resources and technical expertise of Michigan Legal Services, the Wayne County Jail suit could not have been brought. The Center for Law and Education and Michigan Legal Services provided the back-up necessary to accord representation to handicapped and mentally retarded children for whom Michigan has failed to provide a publically supported education. The Center on Social Welfare Policy and Law was absolutely essential to almost every legal aid program in Michigan. Recently the Lansing Legal Aid Program won a major case which required Michigan to implement the Early and Periodic Screening, Diagnosis and Treatment program, a federally mandated preventive health program. Without the assistance of Michigan Legal Services, the National Health Law Program and the Health Law Project, the case could never have been brought. The National Housing Law Center has provided invaluable assistance to several major housing cases and assisted Detroit Legal Aid and our program in efforts to resolve the FHA housing scandals in Detroit. The Employment Law Project has assisted Michigan legal aid programs on cases of national impact involving the illegal use of Emergency Employment Act funds. Without the assistance of the Migrant Legal Action Program, the Michigan Migrant Legal Assistance Project could not have prevailed in cases assuring access to migrant camps and enforcement of the Agricultural Labor Camp Licensing Act. Thus, the back-up centers have played a vital role in assuring to the indigent citizens of Michigan equal access to the judicial system.

II. THE SITUATION TODAY

This vitality is being sapped by the actions taken against these national centers by the Acting Director of OEO and possibly by higher officials in the Administration. The Education Law Center, presently housed at Harvard University, has been given one month extensions of their grant since January and funds to last only through March. The Migrant Legal Action Program received a three-month grant in January though no new funds were available to it and it was not given authority to borrow on its funding until recently. The National Employment Law Project, a project which has received extensive praise and credit within OEO, was given a three-month period of extension of its grant but also did not receive funds until early March. None of these programs have received word of their status after March.

No efforts were made to communicate with the centers before they were informed that their funding was to be only for three months. Indeed, the staff of these centers has no way of knowing whether they would be in existence beyond the three months. None of the centers were given any information to indicate that they would not be refunded nor were any of the centers criticized for failing to comply with their previous grant conditions. Indeed, in the case of all three, they had fulfilled the grant conditions and had met all of the expectations imposed upon them by the Office of Legal Services.

These centers are running without funds under intolerable conditions. They cannot take on new and pressing litigation; they cannot even promise to continue cases which they have begun; they cannot offer local legal services attorneys any assistance. Although the attorneys of these centers work long hours and with as much vigor as lawyers in any of the major law firms, they have been asked to do the impossible—continue to function as if nothing had happened with no assurances that they will have a job on April 1. This cannot be asked of most professionals. And yet, because of their commitment and dedication, back-up center staff have continued to function and have stayed with the programs.

In contrast to the dedication of these centers in providing continuing service to the poor even though they face immediate extinction, the actions of Howard Phillips and of the Office of Legal Services acting under his direct orders have been totally irresponsible. He has not treated back-up centers in the same manner as the local programs which are now receiving funds. Instead, OEO and possibly even the White House are evaluating each program to determine whether they meet the political goals of the Administration and carry out cases consistent with Administration policy. OEO has imposed direct *political*

control. Not only do these undermine the attorney-client relationship and impose unethical requirements upon programs, they also peril a large number of pending cases and, if carried out much longer, will leave clients without representation. Many of these cases cannot be easily transferred to private attorneys for they require extensive resources and expertise. Local legal services offices, which undertook litigation because they had the assistance and resources of the back-up centers, will be stuck with burdens they cannot effectively meet.

Obviously this situation must be changed and it must be changed immediately. If left alone, the Acting Director (and others above him) will eliminate the national and state back-up centers before a new legal services corporation comes into existence. Pressures must be applied within the Administration and with the Congress to assure that the status quo is preserved—not just for the operating local legal services programs, but for the national and state back-up centers as well.

One vehicle is the bi-partisan bill which members of this committee co-sponsored with Congressman Bell. H.R. 5109 would continue, unimpaired, until a legal services corporation is established, all legal services programs, including back-up centers, which have fulfilled their grant conditions. I would hope the President would see fit to join this bi-partisan effort to assure the continuation of legal services programs until careful legislation is prepared and passed.

III. PROPOSALS FOR THE FUTURE

Pending before this Committee are HR 3147 and 3175, providing for a national legal services corporation, and in the Senate, S 706, almost identical to the same bill passed by the Senate last June. Though there is substantial disagreement on the exact nature of the corporation, the make-up of its board, and the restrictions which should (and can) be imposed upon attorneys, at least these bills and those previously passed by the Congress would provide for a national legal services corporation with broad national impact and free from political control (either on a state or national level). Within the Administration, however, there is continuing talk about the possibility of establishing a national corporation which would merely serve as a funnel of funds to be turned over to state corporations under which legal services programs would be organized. This special "revenue sharing" as it is now called, poses two major problems.

First, unless there are strict controls imposed at the national level, state control of legal services will almost assuredly result in the extinction of some of the best and most competent programs in legal services. State back-up centers would be eliminated or curtailed. I cannot believe that the Congress wishes to return legal services to the era of traditional legal aid and destroy one of the most creative and vital forces in American society.

Secondly, unless a specific exception were made, revenue sharing would eliminate the national impact of legal services by destroying the only programs which provide national back-up and coordination, the national back-up centers. Though located within many states, national back-up centers are not limited by geographic jurisdiction but by subject matter jurisdiction. It is highly unlikely that state corporations would want to fund operations having a national impact and providing assistance to legal services attorneys throughout the country. Indeed, some of the centers are located in states which are hostile to legal services. Moreover, national impact cannot be replaced by statewide back-up centers although such statewide centers are necessary and vital programs. It is impossible for a statewide center to keep abreast of national poverty law developments without the assistance of the national back-up centers. Such a center, as Michigan Legal Services, could not monitor federal agencies, nor effectively act on a national level.

Therefore, if legal services is to continue to have national impact and be free from political control, it is essential that the national legal corporation directly fund local legal services programs.

Even if a national corporation is established which distributed the funds from a national source, there is a serious danger that the national and state back-up centers would be rendered useless by providing for their continuation only through contract services or creating one large centralized national in-house center. By use of contract services, all litigation activity of the back-up centers would be curtailed. Developing one large inhouse center would assure total political control over policy pursued by the center. Thus, not only must the legislation passed assure national legal services, it must specifically assure the continua-

tion of back-up centers providing back-up litigation, legislative and administrative advocacy assistance.

IV. CONCLUSION

The national and state back-up centers lie at the very foundation of legal services. Attempts to fundamentally alter them will be a severe blow to the ability of legal services attorneys to deliver full and complete representation to the poor. Those that have met their grant conditions must be preserved until the new corporation is created; the new corporation created must assure the continuation of national programs and national and state back-up centers.

OFFICE OF ECONOMIC OPPORTUNITY,
Washington, D.C., February 13, 1973.

To: (Director, OLS)

BOB KINNEY: The problem of what to do about OEO's 13 Legal Services back-up centers is most urgent. Howard Phillips asked me to prepare a rationale for phasing them out and replacing them with an in-house unit. The attached is the rationale in three tiers: (1) a one-page summary of (2) a 6-page summary of (3) a 22-page study. The bulky first draft is enclosed because, although it is somewhat repetitious and disorganized, it does contain rather detailed excerpts from CSC letters, on OMB circular and HEW guidelines on grants vs. contracts which support the categorical assertions in the one page memo. It was my understanding that Ted Telzloff was to prepare a defense of several less drastic alternatives.

Also attached in very rough form is a breakdown of the backup center staffing and some thoughts on the shape of the new in-house unit, if the decision is made to establish one.

THE PROBLEM OF THE BACKUP CENTERS

1. The Administration is committed to equal access to justice for all, and is further committed to a Federal role in ensuring such access for the poor. Exemplifying this concern is the Legal Services Program: a federally-funded network of 900 neighborhood law offices scattered throughout the country, supported by 13 "backup centers", each specializing in a different area of poverty law. What is in dispute is not the *need* for a backup effort but its *structure, functions* and *location*.

2. *Structure*.—The backup network is (a) *duplicative* (13 overlapping areas of poverty law in 13 physically separate centers); (b) *unwieldy* (the overcompartmentalization and geographical dispersal impedes collaboration among specialists and confuses field attorneys) and (c) *overextended* (the substantive thinness of the 13 specialized areas of poverty law causes the centers to get involved in problems having little or nothing to do directly with poverty).

3. *Functions*.—Of the two basic functions backup centers are now performing, the first—supportive research and technical assistance for field attorneys—is acceptable, while the second—*advocacy*—is not. For one thing, formal intervention by backup attorneys, in a co-counsel or amicus role, in litigation being conducted by LSP field attorneys or others is not authorized by the EOA. Backup centers are "research" projects and in any case advocacy is not compatible with research. Secondly, that portion of advocacy which consists of the drafting of legislative proposals and administrative rules is non-client-initiated and mostly irrelevant to the needs of field attorneys involved in specific cases. Thirdly, the drafting activity, particularly when it is associated with such overt forms of advocacy as lobbying, is clearly improper on constitutional and public policy grounds and is probably illegal. It violates both the *principle of non-delegation* (a narrower form of the principle of public accountability which was reaffirmed most recently by CSC and OMB) and the *principle of neutrality* (the church/state principle generalized, reflected in Federal statutes against lobbying with public funds and against lobbying by tax-exempt organizations). Finally, to the extent backup centers have been engaged in advocacy, they have been functioning in effect as *public interest law firms*. The idea of a Federally-funded public interest law firm is novel, extremely controversial and in any case not yet sanctioned by Congress. Even the prototype Consumer Protection Agency which, unlike the backup centers would be quasi-public and therefore subject to a degree of public control, has not yet been approved. There is statutory authority at best for backup centers of either the library-clearinghouse or the think tank variety.

4. *Location*.—Elimination of the advocacy functions of backup centers would

not remove the risk, inherent in the delegation of *advocacy-oriented* research, of violating the two principles described above. The risk could, in theory, be lessened by writing and enforcing strict guidelines for grantees, but OEO/OLS would inevitably become entangled in a thicket of censorship problems, complaints of infringement of first amendments rights and of the prerogatives of private attorneys under the Canons of Ethics, etc. This grey area should be avoided if possible. The problem would be reduced to manageable proportions if backup research, instead of being farmed out to private and independent grantees, were to be conducted directly by the government, with occasional research projects of limited scope and duration delegated by way of *contracts* instead of grants.

5. *Conclusion.*—The backup center operation, on grounds of economy, efficiency, accountability and immunity from outside political interference, should be (1) consolidated and centralized both geographically and administratively and (2) located within OEO/OLS.

PRESENT CONFIGURATION

Specialized area	Number of attorneys	Number of nonattorney professionals	Number of consultants	Number of nonprofessionals	Date grant expires
1. Health law, UCLA.....	6¾	1	\$55,500	10	Aug. 31, 1973
2. Economic development law, University of California.....	4	2	8,222	11½	June 30, 1973
3. Housing law, University of California.....	3	1	10,818	19	Nov. 30, 1973
4. Consumer law, Boston College.....	9	0	8,250	19	Nov. 30, 1973
5. Youth law, San Francisco.....	2	0	11,700	8	Nov. 30, 1973
6. Juvenile law, St. Louis University.....	6	0	1,000	12	Nov. 30, 1973
7. Senior citizens law, University of Southern California.....	9	4	5,000	11	Nov. 30, 1973
8. Migrants, District of Columbia.....	5	0	2,000	8	Mar. 31, 1973
9. Indians, University of Colorado.....	2	0	13,000	2	June 30, 1973
10. Education, Harvard.....	10	¾	-----	7	Jan. 31, 1973
11. Employment, New York.....	4	0	2,685	0	Mar. 31, 1973
12. Welfare, Columbia University.....	9	2	5,000	12	Aug. 31, 1973
13. Correctional, District of Columbia.....	3	0	42,250	3	Jan. 28, 1973
14. Social/Science, District of Columbia.....	1	4	6,700	4	Mar. 31, 1973
15. Clearinghouse review, Northwestern University.....	3	4	15,200	16	Feb. 28, 1973
Poverty law reporter.....	-----	-----	-----	-----	May 6, 1973
Total.....	81	18	187,325	144	

There are 81 attorneys manning the present program. Assuming the program is not undermanned or overmanned (i.e. that the number of attorneys now on board is necessary and sufficient to cope with the existing demand) and assuming there is no duplication among the centers, the new center would need presumably 81 attorneys. Obviously these assumptions must be carefully examined, before any decision is made as to the minimal/optional number of attorneys the new center would require. Another important consideration is the fact that the attorneys in the new center would have a greatly reduced clientele. The Office of Legal Services is now preparing a breakdown which will show the percentage of request for services that emanate from project attorneys and the percentage that comes from other sources. In addition, the elimination of the legislative drafting and advocacy function could be expected to reduce the number of attorneys required, although the relocation of this function in a new advocacy unit in OEO would push the figure up again. Since it is the needs of the project attorneys which are the most urgent, I would suggest that the problem of staffing an OEO advocacy unit be set aside for the time being. I would further recommend (1) that youth law and juvenile law be considered one field, (2) that the social unit be dropped from consideration as a separate area of expertise and (3) that the organizational problem of a revamped *Clearinghouse Review* be considered separately later. There is clearly not enough hard data on hand to project an optimal figure for the number of attorneys who will eventually be needed in the research unit, and the staffing process should in any case begin modestly and proceed gradually, as we feel out the real demand. Since there are twelve fields of poverty law left after the trimming suggested above, why not start with a target of 20-25 lawyers for the initial phase of the build-up? This would provide at least one lawyer per each specialized area with the excess placed in those areas which have a proportionately larger staff now, or whose programs in the field are being phased out earliest. (See figures at extreme right of chart.) The staff of lawyers could

initially be supplemented by 5 or so non-attorney professionals (there are 18 on board now) and a support staff of around 10 secretarial/administrative personnel.

THE PROBLEM OF THE BACKUP CENTERS

The Administration is committed to the ideal of equal access to justice for all citizens and to the mechanism for realizing this ideal among the poor: the federally-funded network of neighborhood law offices backed up by a second echelon team of legal experts to whom the poverty lawyers in the field can turn for advice and technical assistance. What is in dispute is not the need for a backup center effort, but the structure, functions and location of the organization required to carry on this effort. To suggest that the Administration's plans for restructuring the backup centers is simply a device for gutting the Legal Services Program is both unfair and demagogic. The purpose of the new approach is, in fact, quite the opposite: to expand the volume and improve the quality of services to individual clients, and to render the Legal Services Program as a whole less vulnerable to outside political pressures.

Regarding the organizational structure of the backup centers, a growing number of disinterested observers are convinced that the present nationwide network of 15 backup centers is duplicative and unwieldy. The fundamental assumption on which the network is based—that there are 13 separate and distinct areas of poverty law—is highly questionable. Where is one supposed to draw the line between youth law and juvenile law, between juvenile law and education law, between health law and senior citizens law etc. And is there another line to be drawn between youth law in general and youth law for the poor etc.? The substantive thinness of the subdivisions of poverty law is no doubt at least part of the reason for the tendency of backup centers to get involved in the problems of the non-poor (e.g. student rights). Whatever the merits of such involvement, it diverts limited resources away from the essential task for which backup center funds were granted; to help the field attorneys provide legal aid to individual poor clients and not to every youth, Indian or oldster who comes down the pike.

Even if it were granted that each of the 13 subdivisions of poverty law is so specialized and substantive that anywhere from 2 to 10 legal experts are required per subdivision, does it make sense to scatter them all over the country? Not only does this impede cooperation and cross-fertilization among the lawyers working in areas that do admittedly overlap, but it confuses the field attorneys who frequently take cases involving a number of areas of poverty law. Consider for example the hypothetical case of a poverty-stricken young Indian who needs psychiatric help, is expelled from school for some infraction, gets into trouble and is sent to a correctional institution. Where will his attorney go for specialized advice? To the youth law center? The Indian law center? The education law center? The health law center? The correctional law center? Could not the field attorney be serviced more quickly and effectively if specialists in these areas of poverty law were concentrated in one place?

In short, the above considerations lend credence to the suspicion that the whole field of poverty law has become something esoteric and vastly overblown, producing an overcompartmentalization which, combined with the geographical dispersal, is hindering rather than helping the delivery of legal services to the poor.

Another factor which weakens the effort to serve project attorneys in the field is the backup centers' preoccupation with the needs of persons and organizations that have nothing directly to do with the problems of the field attorneys. These outside beneficiaries of backup center activity include the Congress (i.e. individual representatives and senators as well as Congressional committees), Federal agencies other than OEO, State and local administrators and legislators, academics and professionals—both attorneys and non-attorneys—who are not affiliated with the Legal Services Program, and finally private organizations and institutions of all types. Frequently, by the way the concerns of the individuals and groups just enumerated are not with poverty, but with broader social problems such as education in general, housing law in general etc. In any event, no matter how genuine their needs and how laudable the effort to meet these needs, neither the budget nor the mission of the Legal Services Program would seem to justify the diversion of backup center resources for such "extracurricular" purposes. By analogy, what would happen to the volume and quality of services provided to members of Congress if the Congressional Research Division of the Library of Congress should suddenly start honoring requests for help from all and sundry. If the above con-

siderations are valid, then the restructuring of the backup center program should include a drastic reduction in the clientele now being served.

The restructuring of the backup center program is not only a problem of organization, but of function. At the present time, there are at least three functions being performed by backup centers which are either redundant, irrelevant or improper on public policy grounds. The three functions are (1) *formal intervention*, either as co-counsel or by way of amicus briefs, in litigation being conducted by project attorneys; (2) involvement in *non-client-initiated* activities which border on advocacy, such as drafting model statutes and (3) involvement in overt forms of *non-client-initiated advocacy* such as lobbying. Since these three functions are characteristic of the public interest law firm, one can couch the proposal for overhauling the backup center program in terms of the particular model, of the several available, to which the backup center should conform: the *library or clearinghouse model*, the *think tank model* or the *public interest law firm model*.

In the case of the library model, the "research" is retrospective, i.e. the researcher in response to a specific request from a client collates and analyzes existing material and transmits the results to the client. A research facility which corresponds to this model is the Congressional Research Division of the Library of Congress, which as noted above responds *only* to requests from members of Congress and does not go off on advocacy tangents of its own. The think tank model on the other hand calls for innovative research, brainstorming etc. aimed at the generation of new knowledge and new solutions to the problems of their clients. In the case of a legal think tank, research of this kind could, but need not, culminate in the production of new legislative and administrative proposals (including model statutes and rules) drafted by members of the think tank. And finally there is the public interest law firm model whose relevant functions have been described above.

In respect to the first of these functions, formal participation by backup center attorneys in litigation being conducted by field attorneys, such participation is not only not essential for field attorneys to do their job, but it would appear to be incompatible with the research mission of the backup centers. There are a number of legal scholars, including the Dean of the UCLA Law School where the health law backup center is located, who feel that the litigation and the research functions should not be mixed. Besides backup centers are authorized and funded under Section 232(a) of the EOA as "research" projects, and it is difficult to see how "research" can be stretched to include actual litigation.

The second of the three functions in question, the drafting of legislation and administrative rules, is, in 99 cases out of 100, not associated with client-initiated advocacy. It is not only not needed or requested by the vast majority of clients seeking redress of individual grievances but is rarely if ever linked by the backup center which initiates it to any specific litigation or other activity being conducted by project attorneys. It is, in short, irrelevant to the basic mission of the backup center which is to help individual attorneys wrestling with specific cases involving individual clients. Secondly legislative drafting has a pronounced advocacy aspect, even where the backup center does not actively lobby for the adoption of legislation drafted by its staff. The legislative proposal is imprinted with the values and point of view of the drafter and is made available, supposedly "on request," to a multitude of private and public individuals and institutions. This means that the function of drafting legislative and administrative proposals is improper on the same grounds as those used to fault the third function referred to above—overt legislative advocacy.

For one thing, the drafting of legislation and the subsequent advocacy of it, though proper and often even laudable in the abstract, are in the context of publicly funded activities, violative of the constitutional *principle of non-delegation*. This principle, which was given its most recent formulations by the Civil Service Commission and the Office of Management and Budget, can be paraphrased as follows:

An executive agency ought, on the grounds of preserving accountability, to refrain from delegating to a private grantee or contractor responsibility for *policy-setting* (including the planning of programs and the establishing of goals and priorities). On the other hand, an executive agency ought, on the grounds of furthering private enterprise, to farm out wherever possible the *execution of policy*, so long as such delegation entails no serious risk of abdication by the government or usurpation by the grantee or contractor in respect to any non-delegable functions.

If the testimony of such close observers of OEO's Legal Services Program as Hannon and Blumenthal can be trusted, the office of Legal Services has from its inception violated the non-delegation doctrine through its failure to clearly articulate policies and guidelines for the Program. The most conspicuous example of such delegation is found in the range of choice conceded to backup centers in respect to legislative advocacy. The delegation to backup centers of the power to determine whether to lobby, what to lobby, where to lobby and when to lobby is beyond question a delegation of the power to establish goals and priorities" i.e., to set policies. As such it is more than an unwise grant of discretionary power, it is abdication.

To make matters worse, the delegation of legislative drafting and lobbying authority to backup centers infringes on another basic constitutional principle: the principle of *neutrality or nonpartisanship*. This principle, which is a generalized version of the principle of the separation of church and state, can be formulated as follows:

The Government ought not furnish support, through subsidies or otherwise, to private parties for the purpose of enabling them to propagate a creed, ideology, point of view or value-system, whether the value-system be religious or secular, whether it be a prescription for spiritual ills or for political or social ills, or whether it be aiming, in the judgment of the Government, at something salutary for society or something inimical to society.

The principle of neutrality is reflected not only in formulae relating to the separation of church and state but also in the (Federal?) statute against the use of Treasury funds for lobbying and in the statute which denies eligibility for tax benefits to organizations which lobby. The principle has also been confirmed a number of times by court decisions.

If the criticisms made thus far of the organizational structure and functions of the present backup center program are valid, then a decision to consolidate them would seem to be in order. Take away from the centers the function of client-initiated advocacy (co-counsel and amicus activity), take away the function of non-client-initiated legislative and administrative advocacy, shift the focus of the centers from law in general to law as it affects the poor, severely curtail the clientele served and eliminate duplication, and one has a persuasive rationale for dismantling the present backup center network and replacing it with a smaller and more integrated structure, ideally a single unit geographically and administratively centralized. Not only would the new unit be more efficient but the cost of the program would be reduced by at least one third, with the savings coming mostly from a reduction in overhead and non-professional personnel costs.

The argument for consolidating the present backup center network does not by itself entail the relocation of the backup mechanism within a government agency. One obvious alternative would be to publish new guidelines imposing restrictions on the categories of clientele to be served, and on advocacy activities, and then to refund either one or more of the existing centers or an entirely new grantee. A strong argument can be made however against redelegating the backup center function.

The kind of social science research and poverty law research conducted by back-up centers is inevitably advocacy-oriented, since the whole reason for being of the back-up centers is to serve project attorneys engaged in client-generated advocacy. The momentum of such research can easily, even if unintentionally, carry the research activity across the line which separates policy-execution from policy setting. This problem is present in some degree in all government-funded research in the social sciences as opposed to the hard sciences, but it is extraordinarily acute where there is an immediate and necessary link to advocacy, as is the case in backup center research. Furthermore, non-client initiated or public interest advocacy even of the legislative variety can almost always be tied in to advocacy on behalf of some particular client, if there are pressures strong enough to push it in this direction.

To cope with this difficulty, the writing of new guidelines would not be sufficient. There would have to be a continuous and vigorous effort to enforce compliance with the guidelines. This effort would be open to constant challenge on grounds drawn from both the First Amendment and the ABA's Canons of Ethics. One may not agree that restrictions on a grantee's advocacy activities are precluded by the Constitution or the lawyer's Code, nonetheless, as the history of Hatch Act enforcement illustrates, there is a gray area here which

should be avoided if possible. Additionally, it would be repugnant for an agency of the government to probe motives in order to determine whether a lawyer involved, for example, in giving advice on a test case, was trying to advance his own personal ideology at government expense, or whether on the contrary he was putting the interests of his client in first place. In short the delegation of the advocacy research function to a private entity would pose the same dilemma as it has in the past: either a loss of control or a costly, time-consuming and sometimes questionable watchdog effort by the funding agency to prevent this from happening. The history of the Legal Services Program confirms this. On the one hand there has been an enormous reluctance by OLS to provide clear restrictions. This abdication has been well documented by both friends and foes of the Program. On the other hand, whenever there has been an attempt to impose restrictions, it has been met with bitter resistance and evasion, tantamount, if our position on the non-delegation doctrine is correct, to usurpation.

There are of course ways of cutting the risks, so that in the future some research projects could be farmed out to supplement the government's efforts. But this presupposes the existence of a strong in-house research capability in the poverty law area, something which has never existed in the past. The *entire* research function has been delegated, so it is little wonder that insufficient know-how was generated in-house to set up an effective system of control. Had a poverty law research center been set up within OEO from the beginning, a network of non-government centers to supplement the government's effort might well have been viable.

If the above analysis is valid, the principle of non-delegation can be invoked to justify the establishment of an in-house poverty law research unit, to replace the existing grantee network. The paraphrase of the OMB formula (p. 4 above) seems to fit the present case. According to the formula, an executive agency ought not to delegate to a private grantee or contractor any function when there is a serious risk of abdication by the government, or usurpation by the grantee or contractor, of non-delegable powers.

PART III: RATIONALE FOR AN IN-HOUSE POVERTY LAW RESEARCH CENTER

1. AN ARGUMENT FOR DOING AWAY WITH THE EXISTING SETUP RATHER THAN TRYING TO REFORM IT

The advocacy motif has been deeply ingrained in the present network. It is so much a part of the mind-set of the attorneys, non-attorney professionals and consultants who are carrying out the present program that many of them could be expected to resist, consciously or unconsciously, new policies and guidelines. Others would just quit, producing a period of understaffing and administrative chaos which would be costly to the government and demoralizing both to project attorneys and to those willing to cooperate at the local level in re-shaping the backup center program. To the extent that the present backup center staff proved to be uncooperative, investment by OEO in a monitoring effort would have to be stepped up, adding further to the costs. A number of refusal-to-refund actions could be anticipated which would probably stir up even more resentment throughout the network, and might lead to hearings which could complicate things further for the Agency. A total discontinuance based on a major policy shift would be seen by most as more equitable and less invidious than a selective phase-out of certain centers whether on punitive grounds or on grounds of economy and efficiency.

2. A SECOND ARGUMENT FOR DOING AWAY WITH THE EXISTING SETUP, RATHER THAN TRYING TO REFORM IT

The first argument underlines the difficulties the Agency would face in its reform effort, even if it were to win the battle to establish its right to impose certain guidelines and restrictions. The present argument questions the ease with which that right could be established. Attempts to enforce adherence to the new restrictions would probably be challenged legally on grounds drawn from both the First Amendment and the ABA's Canons of Ethics. One may not agree that restrictions on a Federally-funded grantee's freedom of action in the field of advocacy are precluded by the Constitution or the lawyers' Code, nonetheless, as the history of Hatch Act enforcement illustrates, there is a gray area here which should be avoided if possible. It's bad enough to have to cope with the problem

of the project attorneys' prerogatives. Why compound the problem by trying to "reform" the present backup center operation, backed up as so many of them are by the expertise of the law schools? Much of their grant funds would probably be used to prepare their case against OEO's new guidelines. And even if OEO should in the end prevail, the rebuttal effort would be costly and time consuming.

NOTE.—The above two arguments are reasons for closing down the present backup center operation rather than trying to reform it. However, they are not as they stand and without further expansion, very strong arguments for relocating the back-up center program in-house, rather than redelegating it to entirely new grantees. Additionally, though the above two arguments would probably impress an outsider, a particular back-up center in the present network might reject them, saying in effect: "We'll limit our activities to research for the project attorneys. We'll follow your new guidelines and conform to the library model of a back-up center, etc. So why won't you refund us?"

3. AN ARGUMENT FOR GOING THE IN-HOUSE ROUTE

The kind of social science research and poverty law research conducted by back-up centers is inevitably advocacy-oriented, since the whole *raison d'être* of the back-up centers is to serve project attorneys engaged in client-generated advocacy. Furthermore, non-client generated or public interest advocacy even of the legislative variety can almost always be tied into advocacy on behalf of some particular client, if there are pressures strong enough to push it in this direction. And it would be repugnant, even if it were possible, for an agency of the government to probe motives in cases of this sort in order to determine whether the lawyer was trying to advance his own personal ideology at government expense, or whether on the contrary he was putting the legitimate interests of his client in first place. To put it another way, the momentum of back-up center research, pointed as such research is toward advocacy conducted by private individuals (project attorneys) can easily even if unintentionally carry the research activity across the line which separates policy-execution, which can be delegated, from policy-setting, which cannot be delegated (the principle of non-delegation), especially when it is a question of choosing options in the area of public policy in general and social policy in particular (the principle of neutrality). This problem is present in some degree in all government funded research in the social sciences as opposed to the hard sciences, but it is extraordinarily acute where there is an immediate and necessary link to advocacy, as in the case of back-up center research.

If the above analysis is valid, the principle of non-delegation can be invoked to justify the establishment of an in-house poverty law research unit, to replace the existing grantee network. Our paraphrase of the OMB formula (p above) seems to fit the present case. The formula reads:

An executive agency ought, on the grounds of preserving accountability, to refrain from delegating to a private grantee or contractor responsibility for policy-setting (planning programs or establishing goals and priorities). On the other hand, an executive agency ought, on the grounds of furthering private enterprise, to farm out wherever possible the execution of policy, so long as such delegation entails no serious risk of abdication by the Government or usurpation by the grantee or contractor in respect to any non-delegable functions.

In short, even were guidelines to be spelled out banning non-client-initiated advocacy, the "inherent nature" of advocacy-oriented legal and social research is such that there would always be a grave risk that the line between policy-selling and policy and policy-execution would be breached, entailing either a loss of control or an excessive and questionable watchdog effort by the funding agency to prevent this from happening. The history of the Legal Services Program confirms this. On the one hand there has been an enormous reluctance by OLS to provide clear restrictions. This abdication has been well-documented by such writers as Blumenthal. On the other hand, wherever there has been an attempt to impose restrictions, it has been met with bitter resistance and evasion, tantamount, if our position on the non-delegation doctrine is correct, to usurpation.

There are of course ways of cutting the risks, so that in the future some research projects could be farmed out to supplement the government's efforts. But this presupposes the existence of a strong in-house research capability in the poverty law area, something which has never existed in the past. The *entire* research function has been delegated, so it is little wonder that insufficient know-how was generated in-house to set up an effective system of control. Had a poverty

law research center been set up within OEO from the beginning, a network of non-government centers to supplement the government's effort might well have been viable.

Another factor which complicated the problem of control was the exclusive use of grants rather than contracts to get the job done. The question of the similarities between grants and contracts, and of the appropriateness of one or the other for a given project is being much debated at the present time. According to an article by John Grossbaum, the government agency which has come closest to resolving the problem of when to use a grant and when to use a contract for a particular research project is HEW. According to HEW's basic selection criteria:

"The contract is an appropriate instrument when:

1. the objective is the acquisition of a specified service or end-product for the Government; or
2. in order to accomplish its mission, the awarding agency must exercise *considerable direction and control over the manner of performance* or timing of the work

On the other hand: The *grant* is the appropriate instrument for providing support to an activity of the applicant which is in furtherance of a statutory purpose of the awarding agency when:

1. there is no expectation of a specific service or end-product to be furnished to the Government as a quid pro quo for Federal funds; or
2. the awarding agency does not need to exercise considerable direction or control over the manner of the performance or the timing of the work, and therefore extensive freedom of approach in carrying out the purpose of the award is to be reserved to the recipient.

If the theses underlying the decision to revamp the overall Legal Services Program in general and the back-up centers in particular are valid, that is to say if the Government has no business subsidizing the non-client centered advocacy activities of a private entity and if advocacy-oriented *research* is therefore, if publicly funded, in need of "considerable direction and control"—then it would seem obvious that the contract and not the grant is the preferred instrument of agreement. In the years-long skirmishing over the advocacy activities of back-up centers, has any thought ever been given to putting the entire operation on a contract basis?

Secondly, there is the problem of the kinds of "research" needed to support project attorneys. There is on the one hand "basic research" which is innovative, which aims at the development of new knowledge, while on the other hand there is "applied research" which aims at the practical application of an already existing body of knowledge. If the primacy of the law reform objective is eliminated in the Legal Services Program in favor of "quality individual services", then much of the need for basic research in the back-up centers disappears. It comes down to a question of which is the more appropriate model for a back-up center; the library model under which the back-up center would concentrate on the transmission of existing knowledge and expertise, or the think tank model under which the back-up centers primary emphasis would be on innovative research. A number of government agencies (e.g. DOD and NASA) apply the simple rule of thumb: award grants for basic research and contracts for applied research. Under this rule, if the library model for a back-up center were favored, the instrument of choice would be a contract whereas the think-tank model would justify the use of grants. There is no reason of course why a back-up center basically aligned on the library model could not devote some of its resources to basic research. In any case, the overriding consideration would appear to be the amount of direction and control needed. If conversion to the contractual method of delegation were to be adopted in lieu of establishing an in-house poverty law research unit, this in itself would justify the elimination of the entire present back-up center set-up, none of whose components, by the way, were selected on the basis of competitive bidding. If an in-house poverty law unit is set up, a policy should be developed in respect to grants vs. contracts to cover any future delegation of legal research projects.

4. SOME SUPPLEMENTARY ARGUMENTS FOR TRANSFERRING THE BACK-UP CENTER FUNCTION TO OEO

a. Back-up centers now have two functions: the "research" function and the advocacy function under the new policy, the advocacy function, to the degree that it is non-client initiated (as in the case of legislative advocacy) would be

taken away from the back-up centers. The report of the recent OEO Task Force on advocacy recommended that a unit be established within OEO headquarters to carry out the function of non-client initiated advocacy, defined so as to exclude certain forms of adversary advocacy, such as public interest litigation. But if such a unit were to be established, a poverty law research resource to support its advocacy would be needed. It would be awkward, to say the least, for OEO's advocacy unit to be dependent for its support on the present network of 15 national back-up centers. If the Task Force's recommendations were to be implemented, they would constitute an additional justification for locating the research unit in-house.

b. The future shape of the Legal Services Program is uncertain. There is a possibility that the proposal for some form of corporation will be revived. If this happens, and a corporation should indeed be set up, the central problem with which this paper has been dealing, unaccountable advocacy, would be greatly magnified, *unless steps are taken now to wind down the back-up center program as it is presently constituted.* This is so because a backup center network funded by a semi-autonomous corporation would be even further removed from Government surveillance and control than is the case at present. It therefore behooves the Agency to eliminate the present network and replace it with an integrated, well-defined unit which could, if and when a corporation is established, be located within the corporation at the national level. Provided the guidelines are right and precise and the board accountable to the President, the chances of the corporation's poverty law research unit violating the non-delegation.

A RESPONSE TO THE O.E.O. MEMORANDUM OF FEBRUARY 13, 1973, ATTACKING LEGAL SERVICES BACKUP CENTERS

(Prepared by the Organization of Legal Services Backup Centers)

The memorandum attacking Legal Services back-up centers, dated February 13, 1973, and prepared by Mr. Marshall Boarman for Mr. Howard J. Phillips, evidences little familiarity with the legal profession and the work of lawyers. Its specific assumptions and recommendations are either based on erroneous premises about the practice of law¹ or based on factual assertions which are totally untrue.

(1) First, the document should be recognized for what it is—the very first page of the introductory material states that its purpose is to “prepare a rationale for phasing them [the back-up centers] out.” This is no objective evaluation of the role of the specialist in Legal Services; from the outset its bias is clear and the struggles of its author to “rationalize” his pre-conceived notions permeate the entire effort.

(2) It should also be recognized that the document clearly seeks the elimination of the back-up centers as part of a larger effort to emasculate Legal Services. It is impossible to practice law effectively without relying on the specialist. The primary sources of specialists in Legal Services are the centers. Likewise an untenable dichotomy between “law reform” and “legal service” (with the back-up centers painted as the source of the former)² is the very basis of the argument for the elimination of the back-up centers (p. 9)³. In fact, the memorandum is quite clear that the elimination of the centers is but the first step in depriving Legal Services attorneys of their ability to provide quality representation to their clients (pp. 8-9). Rather they would be required to emphasize legal “service” designed to “promot[e] among the poor a greater degree of economic self-help and development.” This is something like telling a doctor that if the government is to con-

¹ This is to say nothing of its reliance on bizarre and hitherto unknown “principles” of law such as the “principle of neutrality,” defined as the doctrine of church-state separation “generalized,” or the “principle of non-delegation,” a principle apparently derived from some O.M.B. memorandum and obscure civil service commission ruling.

² It is noteworthy that an earlier memorandum developed, again without reference to the actual practice of law, this impossible distinction. Mr. Boarman would have the practicing poverty lawyer decide whether or not his client's interests required an effort to “change” some law. If so, he would deny to the Legal Services attorney the right to make that effort. One with the slightest familiarity with the Code of Professional Responsibility of the American Bar Association and the lawyer's role in serving the client immediately recognizes the fallacy. Mr. Boarman would have the Legal Services lawyer serve two masters: the client and the government; this is manifestly impossible and no conscientious lawyer would allow himself to be placed in such a position.

³ Page numbers in parentheses refer to page numbers of the memorandum.

tinue paying the medicare bills he submits, he is to emphasize treatments designed to eliminate mumps, whatever his diagnosis of his patients' needs.

(3) The memorandum is more than a rationale; it is also a strategy. It seeks to insure the elimination of the back-up centers before Congress can act on a Legal Services corporation (p. 50).

(4) The document admits, as it must since Legal Services attorneys have won large numbers of cases, that it is the "judge's fault" when Legal Services issues are successfully presented in court (p. 10). This complaint is actually a complaint against the United States Constitution and the independent judiciary which it established to deal with legal disputes. The author would attempt to control the courts by attempting to preclude cases from being brought before them.

(5) The memorandum suggests that there is duplication of effort⁴ in the back-up centers but also asserts that compartmentalization is unproductive since it does not allow "cross-fertilization" of ideas. This is one of the most obvious of a number of tortured efforts to find a real-world rationale for a position already firm in the author's mind. His unfamiliarity with the law is at its peak when he asserts that the "thinness" of the legal areas covered by back-up centers does not require the full-time attention of so many lawyers and therefore they are tempted to become involved in non-poverty issues (p. 1). Yet thousands of lawyers do *nothing* but labor relations, a subdivision of the work of the employment law center which has but five attorneys; an entire bar has grown up around landlord-tenant issues in most urban areas, yet that is but a small part of the work of the housing law center. The fact is that back-up center attorneys are overworked handling only their legitimate areas of concern. The work-load leaves little opportunity to move into areas of concern to other centers or of concern to those without interest in poverty law.⁵ The memorandum does not cite *one instance* of overlap (obviously, back-up center attorneys being human, some few instances exist though steps to prevent this were taken long ago by the Organization of Legal Services Back-Up Centers)⁶ and does not cite one instance of back-up center involvement on issues unrelated to the poor in their respective areas of expertise.⁷ Apparently, the fears of "overlapping" and the absence of "cross-fertilization" are founded on a failure to understand the necessity of law offices equipped to handle specialized areas of the law with the degree of exclusive attention which the problems of local Legal Services attorneys' clients demand.

(6) The memorandum also suggests (p. 2) that the centers are involved in non-client initiated legislative and administrative advocacy. Although, again, no specific examples are provided to support such an assertion, we presume the criticism is directed at the activities of the centers in representing national low-income groups and efforts of centers to prepare legislation meeting specific needs of clients serviced by the local legal services programs. To limit legislation and administrative advocacy to that necessary to respond to a specific request of an individual client walking through the door of a local program, would preclude legal services from ever providing effective legislative and administrative advocacy to the poor. Such advocacy is a long term process and not capable of immediate response. The poor would be denied the tools available to others to deal with government actions which deprive them of rights and benefits.

(7) The memorandum recommends *reducing* the present 80 plus back-up center lawyers to 25 (p. 4 of the introductory material). This "economy" is "justified" by the admitted goal of "severely curtailing the clientele served" (p. 5). One suggested curtailment is a proposal to preclude the centers from providing information requested by congressmen (p. 2).

⁴ This assertion is said to have been made by "a growing number of disinterested observers." (p. 1). No mention is made of any such disinterested observer except for one law professor hostile to legal services.

⁵ OLSBUC has polled its members for areas of possible overlap and encouraged efforts to eliminate overlapping activities. One example is a letter from the Chairman of OLSBUC dated 11/3/72, circulating a statement of areas of concern that might overlap.

⁶ The memorandum also suggests (p. 2) without even one example that the centers focus upon law in general and not poverty law. What this means is hardly clear but apparently the author believes the centers to be focussing on legal problems having nothing to do with poor clients or problems in law unrelated to poverty law. Such an assertion is blatantly false. The centers focus solely upon poverty law and legislative and administrative reforms relating directly to the problems of our clients.

⁷ One of the more astonishing assertions of the memo would lead the reader to believe that legal services attorneys and back-up centers are preoccupied with work for non-clients. Not an example is provided of such preoccupation. Indeed, such an assertion is totally groundless. The back-up centers are not doing abstract research or non-client related projects for groups other than local legal services programs and national client organizations.

(8) The memorandum recommends bringing the back-up centers to Washington, D.C., to serve under the director of O.E.O.—now Howard J. Phillips. Whatever effect Mr. Phillips' control of back-up centers would have, the move to Washington would effectively destroy the centers since their attorneys live in the communities in which the centers are presently located. Attorneys, because of the need to belong to a local bar and the importance of one's reputation with that bar are always reluctant to move. Likewise, the memorandum proposes eliminating the "advocacy" (see *infra* ¶8) function of the new Washington office. Few of the present lawyers, most of whom have established reputations as practicing attorneys, would wish to cease "advocating" and reorient their lives to become research assistants. Thus moving the centers to Washington, far from being "economical" (p. 2 of introductory material to the memorandum), would destroy a federal investment in excess of \$12,000,000.

(9) For the lawyer, it is impossible to separate "research" and "advocacy." The author of the memorandum has the peculiar notion that legal research, like academic research, is abstract and neutral. On the contrary, of course, most legal research is client-oriented and adversarial—the whole point is to come up with the best argument.⁸ (The author obviously has some confusion in his mind concerning this distinction on other scores: the entire memorandum, though purporting to be a dispassionate analysis, is, in fact, wholly adversarial.)

(10) The central fallacy of the memorandum is the assumption that it would be possible for back-up center attorneys to be government employees and, at the same time, provide the service for which they have been trained—specialized legal assistance. The nature of Anglo-Saxon jurisprudence is such that a lawyer cannot serve two masters at one time. If the poor have lawyers, they necessarily have "advocates;" if the government has lawyers, it has the advocates.

In conclusion, the memorandum, obviously dealing with material unfamiliar to its author, makes a very poor case for its avowed goal: elimination of the capacity of Legal Services attorneys to provide specialized legal assistance to their clients.

LEGAL SERVICES AND BACKUP CENTERS

(Prepared by the Organization of Legal Services Backup Centers (OLSBUC))

Of the many problems faced by legal services in its effort to survive, none is more crucial than the preservation of its ability to provide the full range of legal services and representation to the poor. Attempts to undermine this capacity are focused on those programs, particularly the back-up centers, which are engaged in major litigation and legislative efforts. In order to apprise those concerned with the future of legal services about the need for continuing, free from political control, the national, state and regional back-up centers, OLSBUC (the back-up center organization) has prepared this brief discussion of the purposes, scope and nature of legal services.

I. PURPOSES

The legal services program was established under the Economic Opportunity Act in 1965. The program was designed to provide equal justice to the poor by: first, providing effective, competent and independent legal representation to poor people—the same type and quality of legal representation to poor people which could be purchased by persons with sufficient funds to hire their own attorneys; and secondly, using the judicial and administrative process to enforce the laws and regulations according rights and protection to the poor and to effect changes in laws and institutions which unfairly and adversely affect the poor and prevent them from participating equally in the governing process and in society as a whole.

Although legal aid has been provided in some communities since the turn of the century, the legal services program was instituted at the national level to assure professionally competent representation and an adequate level of funding to reach the poor wherever located throughout the country. Assuring competent representation required training in both substantive and procedure law and of the

⁸ There can, of course, be legitimate non-client oriented relatively neutral socio-legal research. There is no reason to do only that research in a specialized law center unless the object is to deprive those served of any specialized advocacy research.

techniques of litigation. In addition, nationally coordinated efforts among attorneys practicing in various jurisdictions would assure that the injustices suffered by the poor, regardless of where they live, could be corrected quickly and efficiently.

The program was not designed nor has it ever sought to redress primarily the economic plight of the poor. Instead, the thrust and impact of the program is broad; it encompasses all civil legal problems of the poor whether they are primarily economic, social or political. No poor person is to be deprived of legal assistance regardless of the nature of the problem or the person, agency, corporation or government unit involved.

II. SCOPE AND NATURE OF LEGAL SERVICES

Much of the attack on legal services activities involves the kinds of responses that have been devised to client problems. Specifically, legal services attorneys have been criticized for using the tools and procedures made available to them by the legal system and used by all other attorneys. Because they engage in major litigation and legislative advocacy, they have been labelled "law reformers", as if that label precisely described a particular kind of activity.¹ Some have been accused of carrying a case farther than is absolutely necessary to resolve an individual client's problem and/or pursuing litigation not for the benefit of the client but to pursue the lawyers' own social philosophy. It has also been suggested that it is illegitimate to use techniques which efficiently utilize scarce resources to serve a large number of clients with common problems.

Some of these criticisms are just not founded on actual facts: indeed, data supporting many of these assertions has never been produced though the statements continue to be made. No litigation has been assisted or supported which does not meet the actual need of individual clients who seek professional assistance from a local legal services program. Lawsuits are not brought, and have rarely, if ever, been brought, which seek to harass or to resolve a problem at a higher level than necessitated by the situation. Indeed the canons (EC-4) and most courts impose the requirement that lawyers act in good faith in the assertion of legal claims and not make frivolous claims which the lawyer doesn't reasonably believe present fair ground for litigation. The constitutional challenges to laws, when made, are necessitated because of the inability of the client to obtain satisfactory relief elsewhere and because the legal services attorney believes, in his professional judgment, that he has a chance to prevail. For example, *Shapiro v. Thompson* (the durational residing case), *Goldberg v. Kelly* (the welfare prior hearing case), *Fuentes v. Shevin* (the replevin case) were not brought to resolve a problem that could have been handled without litigation but were brought after all other avenues were exhausted and because there was no alternative to a constitutional attack.

Actually, much of the major litigation has been brought to force state and local governments and officials to comply with the statutes and regulations binding them—they were brought to get the existing social structure to obey the law on the books. Most of the litigation involving public assistance, medicaid, health, housing, and urban renewal (to name but a few) has focused on the failure of state and local officials, often with federal complicity, to follow the federal and state law under which the officials are bound to operate. Most of these suits did not even involve a close question of statutory interpretation but the enforcement of clear statutory and regulatory provisions openly violated by the public officials involved.

Other criticisms relate not to illegitimate activities of lawyers (the critics concede that most of the activities complained of are undertaken by lawyers)

¹ The term "law reform" must be understood as entirely relative. Every case that is brought without the benefit of a previous decision in a case which is identical in its facts and circumstances involves new elements to which the law must be applied by the court, and in this sense is a "law reform" case which may result to a greater or lesser degree in what some may perceive as a variation, extension, or restriction, if not "reform", of the existing law. While this definition of "law reform", as lawyers are fully aware, means that almost every case brought falls within it, it is the only real meaning that can be given to the term. Thus the term "law reform" is grandiose and, indeed, presumptuous, since it denotes only the same approach and attention to all of the client's legal and equitable claims that the bar has historically brought to the interests of the clients who can pay for such services. Within legal services, however, the term has a convenient meaning in the division of labor made necessary by the tremendous case load that most neighborhood offices attempt to service.

but to whether legal services lawyers should be involved because of the source of the funding of legal services. Federal funds, it is argued, should not be used to provide the poor anything other than the most minimal of services on an individual basis. Litigation involving a common problem faced by a large number of poor people should not be undertaken. Legislative advocacy, unless directly controlled by the administration, is illegitimate. In fact, a recent position paper prepared within OEO even questioned the legitimacy of client representation when the litigation, even if only on behalf of an individual client, might result in providing the client a new right or expanding his entitlements under government benefit programs.

In actuality, most of these assertions relate not so much to the activity of the legal services lawyers in isolation but to the role of all lawyers and the normal operation of our judiciary system as an independent and equal branch of our government. It is the judiciary system which has recognized the need for a systematic approach to common problems, whether through "class action" litigation, administration rule-making, or legislation. All are devices available to lawyers acting on behalf of clients; each has been used to the benefit of the clients of legal services.

The courts have provided for class action litigation in cases in which there are many individuals with identical claims. Often the individual claim, important as it may be to the client, does not appear to warrant the cost of litigation. On the other hand, the commencement of many (cases) seeking similar relief against a particular defendant based upon common facts would clog the calendars of the courts and conserve substantial judicial and attorney energies. Further, proceeding one case at a time did nothing to improve the lot of thousands of clients who could not or would not seek legal aid yet were the victims of allegedly improper practice. Moreover, the client community both individually and collectively demanded that reforms be instituted. And finally, the proper representation of a single client demanded that all relevant issues be raised to obtain relief, including the claim that thousands of clients were being victimized by a practice which was inconsistent with the statute or constitution. Accordingly, attorneys both in private practice and legal services have advised clients to commence action on behalf of a class. The result has been that attorneys and the courts have resolved matters affecting many people efficiently and effectively. Perhaps the controversy about legal services lawyers bringing class actions results from the remarkable rate of success in such legal services litigation;² it should be noted, however, that the vast majority of class actions are brought by private counsel for individual clients.

Similarly, clients have always turned to lawyers to represent them in rule-making proceedings before administrative and in the process of drafting and revising legislation. Legal services lawyers have represented clients in such matters, or, where patterns of problems have emerged, sought to resolve them in the agency or legislature involved. Lawyers have traditionally gone much further, working through bar associations and other organizations without any relationship to clients, seeking major change in public policies, ranging from no-fault insurance to significant alteration in penal codes.

The critics, however, would deny these tools to the lawyers for the poor. They would attempt to limit and restrict the kind of response the attorney, in his professional judgment, makes to his client's problems. They would seek to accord only the most minimal of services to an individual poor client regardless of the client's actual legal needs or even his demands for assistance. For example, a client requiring a constitutional challenge to a law or practice to resolve his grievance would, under the system implicitly (and explicitly) suggested by the critics, be told that nothing could be done. Attorneys would be prohibited from advocating legislative changes necessary to meet a recurring problem faced by his clients and even in response to a legitimate request by a low-income client group. Moreover, the critics would eliminate the programs providing the local legal services attorney with the back-up, research, and assistance on complicated or specialized cases and providing to the poor representation on a national level.

² Though not the sole criteria for determining success, legal services attorneys, with the assistance of back-up centers, have won a large number of cases before the United States Supreme Court. See *Shapiro v. Thompson*, 394 U.S. 618 (1969); *Rosado v. Wuman*, 397 U.S. 397 (1970); *Goldberg v. Kelly*, 397 U.S. 254 (1970); *Boddie v. Connecticut*, 401 U.S. 371 (1971); *Bell v. Bursen*, 402 U.S. 535 (1971); *California Department of Human Resources v. Java*, 402 U.S. 121 (1971); *Carleson v. Remillard*, 406 U.S. 598 (1972); *Townsend v. Swank*, 409 U.S. 282 (1971); *Fuentes v. Shevin*, 92 U.S. 1983 (1972).

The critics would emasculate the concept of equal justice. The poor would be relegated to second class representation because the range of services available to them would differ in kind from that which is available to all other clients and which is routinely available to their adversaries. Indeed, the legal services attorney would be hampered in his representation and prevented from responding to his client's actual needs. (See EC 5-23 and 2-28).

We do not want to be understood as saying that the legal services attorney should be free of control. He is not now today and should not be in the future.

The community, and the individual client, are protected against unethical behavior by attorneys, whether in private practice, local legal services programs or national back-up centers, by the standards of professional conduct, the grievance machinery of the private bar, and the disciplinary power of the courts. In addition, the legal services attorney is subject to the supervision of a project director and the oversight of a Board of Directors consisting of attorneys, representatives of the bar, clients and others from the community served. Projects are also subject to evaluations from the funding source and to the restrictions imposed by the statute.

However, restrictions which deny clients full, professional representation are not statutorily authorized today and are totally unwarranted. Indeed their imposition would undermine the very goals sought to be served by the legal services program. Denying the poor the opportunity to litigate on an equal basis with the adversary, regardless of who it is, deprives the poor not only of equal justice but of any hope of participation in society as a full and equal member.

III. BACKUP CENTERS

The programs providing local legal services with the capacity to litigate major cases or carry on legislative advocacy and the only programs according the poor with representation at the federal level are the back-up centers. Although initially placed in a university setting so the development of the new fields of law would benefit from the academic resources of the university, many centers are now independent corporations governed by boards made up of local legal services attorneys, clients, members of the private bar, and others with expertise in the subject speciality of the center. Such centers, whether national, state or regional, help enable the legal services attorney to meet a number of problems with a minimum of expenditure of funds.

One such problem is the huge caseload which most neighborhood offices attempt to serve. Because of the caseload, the frontline attorney spends the greater part of his time interviewing clients and appearing in court; research time is consequently at a premium. Moreover, legal services seeks to provide full and complete services to all eligible clients; the legal services attorney is not free to represent only those clients he wishes. Caseload pressures simply do not permit the comprehensive consideration and exploration of all potential claims.

The back-up centers have helped local programs meet routine client demands and provide professional competent representation (1) by developing litigative and legislative approaches which could meet the legal needs of people similarly situated with similar problems, (2) by developing specialists with expertise in a specific area, such as consumer, housing or welfare law, who could use this expertise to backup the local attorney and assist him in representing his clients, (3) by developing and training lawyers through training programs and the development of materials in poverty law subjects used on a daily basis by local attorneys, and (4) by engaging in long term planning of approaches and strategy, thus saving legal services attorneys the time and expense of litigating cases founded on misconceived theories or theories which have little chance of success in court.

The second problem is the inability of most programs, because of caseload pressures and small staff to respond satisfactorily to the complicated or unfamiliar problem or to a case which requires substantial manpower, resources and expertise. The backup centers have provided the expert assistance necessary to successfully litigate major poverty law cases both at trial and in the appellate courts.

Third, few if any programs have the expertise and capability of drafting legislation necessary to respond to the many client needs. The legislation being drafted by many law revision commissions and even the uniform state law commissions does not have representation from the poor or from those attorneys representing the poor. The backup centers have developed legislation reflecting

the actual needs of the poor as expressed by client groups and the local attorneys who respond to client needs on a daily basis.

Finally no program could hope to develop the staff and expertise to monitor federal agencies nor work to develop federal regulations and legislation meeting the needs of their clients. The national back-up centers have represented the poor and client organizations before the federal agencies and the congress and assured that their interest are protected in legislation being drafted for their benefit.

The establishment of the centers has, moreover, provided a more rational process of resolving recurring problems faced by clients throughout a state or the entire country and which cannot be resolved without litigation or legislative advocacy. Because of the expertise developed at the centers, local programs turn to the centers for assistance and guidance. The center can then help coordinate the efforts of local programs as they respond to client needs and can develop strategies based on traditional techniques which do not overtax and flood the judicial system but seek an orderly resolution of the problem.

To develop and maintain their excellence, the centers have had to draw upon some of the finest lawyers in the country as staff. Many taught in law schools before joining the centers, many came from large prestigious firms and some from the very agencies with whom the centers have contact.

In addition, their excellence and ability to provide assistance to local programs is a result of their independence and freedom from political control. The centers have not become the vehicle for carrying out the political philosophy or goals of any one party or administration. Instead, they have developed mechanisms to assure accountability to the poor, to the bar, and to the local legal services programs they assist. They have withstood continual pressures to act along the lines suggested by one political faction or another. They have, instead, asserted their professional responsibility to their clients and the clients of local programs whom they help represent. The ability of these centers to provide competent back-up to the local programs reflects the trust which local attorneys place in professional integrity of the centers.

In short, the centers have added to legal services the ability to provide the poor quality and professionally competent representation. In this regard, they act no different from the specialty firm or the specialty section within a firm and in many ways no different from the appellate divisions of state, local and national governmental legal departments. Furthermore they have provided one of the means to bring the poor back into the society and to effect changes in laws and institutions which unfairly and adversely affect them.

IV. CONCLUSION

The concept of legal services asserted in this brief memorandum requires the continuation of the independent back-up centers. Clearly full representation cannot be provided to the poor without the resources and expertise of the centers. And these centers must maintain the capability of acting on both litigation and legislation without political controls imposed upon the professional ability and integrity of their lawyers.

APPENDIX TO OLSBUC PAPER

I. NATIONAL BACKUP CENTERS

CENTER ON SOCIAL WELFARE POLICY & LAW,
25 West 43d Street,
New York, N.Y. 10036.
(212) 354-7670

DESCRIPTION

The Center's substantive areas of concern are certain need-related public benefit programs, particularly public assistance and food benefits. In those areas it engages in the following activities:

A. Litigation and Backup Assistance.—The Center cooperates with local legal services programs in preparing and conducting litigation likely to benefit large numbers of recipients and resolve outstanding issues of federal welfare law. In addition, the Center responds to requests for assistance by preparing memoranda, providing materials, and advising local attorneys on approaches and substantive developments.

B. Work with HEW.—The Center meets regularly with officials of HEW, and otherwise communicates frequently with relevant policymakers there, to seek changes in regulations desired by legal services lawyers and their clients, including welfare rights organizations, and to press for enforcement of the law in areas where it is reported that problems of noncompliance exist.

C. Materials for Legal Services Offices.—The Center has prepared a three volume set of materials on welfare law which has been provided to each legal services office. In addition it distributes a periodical newsletter to all legal services lawyers and other memoranda and materials to its mailing list of welfare specialists.

D. Legislative Activity.—The Center follows legislative developments in Congress and provides assistance and information to legal services lawyers. This includes analyses of legislation, both pending and enacted, and assistance in formulating proposals for affirmative change.

CENTER FOR LAW AND EDUCATION,
Harvard University,
61 Kirkland Street,
Cambridge, Mass. 02138.
(617) 495-4666

GENERAL DESCRIPTION

The Center for Law and Education is in its fourth year of operation and is jointly sponsored by the Harvard Graduate School of Education and the Harvard Law School. It assists legal services programs and other groups active in education in designing and implementing educational reform on behalf of poor children.

The Center's work continues to fall in largely four categories: litigation, research and publication, administrative monitoring of federal programs, and legislative counseling.

The primary subject areas are pupil classification and grouping practices, including in some instances exclusionary devices, which disproportionately affect poor children; elimination and prevention of racial and other invidious discrimination; issues associated with Federal educational programs, such as Titles I and VII of ESEA, Title VI of the Civil Rights Act, day care and affirmative action; allocation of educational dollars and other resources within and among districts; and constitutional and statutory rights of students; alternative schools and Indian education issues.

The overwhelming majority of Center cases are in response to and in conjunction with local legal services office. The remainder of our cases/activities are in cooperation with such groups as the Mexican American Legal Defense Fund, the Puerto Rican Legal Defense Fund, the NAACP, and the NLADA, all groups actively involved in education problems of the poor.

THE LEGAL ACTION SUPPORT PROJECT,
Bureau of Social Science Research, Inc.,
1900 M Street NW.,
Washington, D.C. 20036.
202-223-4300

DESCRIPTION

The Legal Action Support Project has been in existence for four and a half years. It provides Legal Services attorneys with social science research services to support efforts to change the law as it adversely affects the poor or to maintain and expand the law where it works to the poor's advantage. It helps with efforts which include litigation and with those that involve representation before legislative and administrative agencies.

The Project's work, therefore, includes a wide variety of undertakings: the preparation of memoranda and statistical calculations based on data collected by themselves or by others; the provision of expert testimony; and the critical analysis of data and social science presentations offered by opposing counsel.

They also undertake special studies of problems of general interest within the Legal Services Community. Some of these studies are self-generated. Others are performed at the suggestion of our Advisory Panel, the National Office of Legal Services, or by attorneys with local programs or with other back-up centers.

The Project is located with The Bureau of Social Science Research, Inc., a private, nonprofit research corporation. This provides access to their staff,

including statisticians, criminologists, education specialists, and computer programmers, as well as to their library, computation, and reproduction services.

LEGAL SERVICES FOR THE ELDERLY POOR,
2095 Broadway,
New York, N.Y. 10023.
(212) 595-1340

DESCRIPTION

This Center handles, by reference from local legal services lawyers, all the problems unique to the elderly and those which the elderly confront in common with other poor groups. The types of cases include: Social Security, Medicare and Medicaid eligibility, disqualification and level of payment; disability; housing for the elderly; involuntary commitments; involuntary committee appointments; "right to treatment"; nursing homes; old age homes; pension plans; age discrimination; utility rates and deposits on a preferential basis for the elderly; consumer fraud practiced on the elderly; rent control regulations affecting the elderly and special problems of poor people with funerals, wills and trusts. In addition, they have prepared several publications for use by legal services lawyers and by the elderly.

LEGAL SERVICES TRAINING PROGRAM,
Columbus School of Law, Catholic University of America,
Washington, D.C. 20017.
(202) 832-3900

DESCRIPTION

The Legal Services Training Program provides continuing legal education to lawyers in OEO-funded legal services projects and offers training sessions, both national and regional, in lawyering skills as well as the substantive areas pertinent to poverty problems. By combining participatory learn-by-doing methods and video and cassette tapes with more traditional workshops and information lectures, the program also offers diversified approaches to learning.

In addition to sessions in specific subject areas, all planned with the advice of substantive curriculum advisory committees composed of legal services lawyers, and experts in the area, the program offers special training to new lawyers and project directors. The program employs fellows—legal services attorneys on leave for up to three months—to develop teaching materials for conferences.

MIGRANT LEGAL ACTION PROGRAM, INC.,
1820 Massachusetts Avenue NW.,
Washington, D.C. 20036.
(202) 785-2475

DESCRIPTION

The Migrant Legal Action Program (MLAP) was established in August of 1970 as a successor to the legal staff of the Migrant Research Project. It is presently staffed by 7 attorneys and 3 part-time law clerks, all of whom have prior experience in serving the needs of migrant and seasonal farmworkers.

They prepare, collect and periodically distribute litigation papers relating to administrative and court litigation in all areas of migrant's concern, and analyses on pending and recently adopted legislation and other legal administrative developments. They assist programs serving the needs of migrant and rural populations in obtaining information from or presenting materials to administrative agencies and congressional committees, and furnish technical assistance to those agencies and committees on matter affecting migrant needs and concerns.

They also provide telephone advice or technical assistance to any program or individual in need of legal advice or the assistance of a Washington representative, and in selected areas, upon appropriate referral, engage in litigation as co-counsel or in an "of counsel" capacity. They are particularly interested in assisting new programs with training and other support activities which may increase their capability to provide legal services to farmworkers.

NATIONAL CLEARINGHOUSE FOR LEGAL SERVICES,
Northwestern University School of Law,
Abbott Hall—Mezzanine,
710 North Lake Shore Drive,
Chicago, Ill. 60611.
(312) 943-2866 or (312) 353-1903 (FTS)

DESCRIPTION

The National Clearinghouse for Legal Services serves as the national communications network and information exchange for OEO-Legal Services by offering:

A. Clearinghouse Library Services.—The library is a central repository of pleadings, legal memoranda, briefs, unreported decisions, and other litigation and legislation work products received from OEO-Legal Services Projects and other poverty law practitioners. It also contains practice and training manuals of general application produced by Legal Services lawyers for use within their projects. A significant number of community education materials are also collected. The library, through a reciprocal arrangement with the *CCH Poverty Law Reporter*, contains the original text of all material published in the *Poverty Law Reporter* with the exception of law review articles and legislation.

Copies of documents are distributed on request to OEO-funded Legal Services projects free of charge, not to exceed one copy of each document per project. Others will be charged duplicating and postage costs.

B. The Clearinghouse Review.—The *Clearinghouse Review* is a monthly publication designed to make the work product of Legal Services lawyers accessible to their colleagues everywhere. Each issue contains features which attempt to present comprehensive statements of new developments in all areas of Legal Services practice. In addition to articles and columns submitted regularly by the back-up centers, there is an open forum; legislative report; a synopsis of litigation, administrative proceedings and decisions; a positions available service; and a poverty law bibliography.

NATIONAL CONSUMER LAW CENTER, INC.,
One Court Street,
Boston, Mass. 02108.
(617) 523-8010

DESCRIPTION

A. Litigation Assistance.—The Center aids Legal Services attorneys requesting assistance in a variety of ways depending upon the nature of the case and the needs of the attorney. Responses include consultation, extensive legal research, and aid in writing pleadings and briefs. The Center serves as a source of information on current litigation developments as well as resource for coordination of nation-wide efforts to solve consumer problems through the courts.

B. Law Reform Litigation.—The Center seeks to identify the major problems of low-income consumers and to develop litigation having a high potential for significant law reform.

NATIONAL HOUSING AND ECONOMIC DEVELOPMENT LAW PROJECT,
Earl Warren Legal Institute,
2313 Warring Street,
Berkeley, Calif. 94720.
(415) 642-2826

DESCRIPTION

This Project provides backup services to Legal Services lawyers and local organizations in housing law and community-based economic development.

A. Housing Law.—Most of the Housing Law Section's activities fall within the following four major categories: Landlord-tenant law; Federal Planning and Redevelopment Programs; Public Housing; and Housing Production and Rehabilitation and Related Contracting and Employment. In each of these areas, the Project undertakes research and the development of proposed legislation, and provides backup assistance for Legal Services attorneys engaged in litigation or administrative actions. The Section's major publications include its *Handbook on Housing Law* (originally distributed by the National Institute for Education in Law and Poverty and subsequently published by Prentice-Hall, Inc.), the *California Eviction Defense Manual* and various law review articles dealing with the subjects enumerated below.

B. Economic Development.—The Project's Economic Development Law Section carries on three broad categories of activity: practicing law-type assistance to Legal Services lawyers, legal research and writing in the field of economic development law, and advisory service to OEO and other government agencies on regulatory and legislative matters related to community economic development.

In the first category, the Project assists Legal Services lawyers and community groups in establishing nonprofit community development corporations and in obtaining financing for their activities. The establishment of such corporations usually involves assistance in drafting articles of incorporation, in preparing applications to the Internal Revenue Service for tax exempt status, obtaining the registration of the corporation within the state or states where it will carry on its activities, preparation of requests for federal grants needed to carry on development activities and in the negotiation and documentation of bank borrowings, SBA loan guarantees and security arrangements designed to raise funds. For already established community development corporations, the Project assists in the creation of subsidiary and affiliated nonprofit and for-profit enterprises. Finally, in the practicing law area, the Project serves as counsel to the National Congress for Community Economic Development, an association representing the common interests and dealing with some of the common problems of community development corporations.

In the second category, legal research and writing, the Project has in preparation a "Lawyer's Manual on Community-Based Economic Development," a book which will provide commentary, model legal documents and source materials on all of the major legal and financing aspects of community economic development.

In the last category, dealing with public law, the Project maintains regular contact with various government agencies for purposes of suggesting draft legislation, administrative regulations and legal opinions requested from the Project by such agencies. Because of the scope of the Project's work, it is in a unique position to identify national policy questions arising out of economic development activities and to offer legislative and administrative solutions to problems as appropriate.

NATIONAL JUVENILE LAW CENTER,
Saint Louis University School of Law,
3642 Lindell Boulevard,
St. Louis, Mo. 63108.
(314) 533-8868

DESCRIPTION

A. Assistance to Legal Services Programs.—A principal Center activity is providing assistance upon request to Legal Services Programs. It is the policy of the Center to respond to all requests received from Legal Services attorneys. Assistance includes consultation, legal research, drafting of pleadings and motions, and aid in writing trial and appellate briefs. NJLC staff will, to the extent possible, assist in the conduct of litigation where requested.

B. Law Reform Litigation.—In selected cases, NJLC attorneys work actively in the field with Legal Services attorneys in litigation possessing a high potential for significant law reform.

C. Legislation.—Center attorneys provide assistance to Legal Services Programs concerning state and federal legislation affecting the rights of children and parents. The Center collects proposed legislation from the various states, and serves as a clearinghouse in providing information and assistance to Legal Services attorneys relating to these proposals. In addition, a model state juvenile code is in preparation, which incorporates provisions for improving the organization of juvenile courts, for insuring procedural safeguards for children and parents, and containing definite standards governing court action.

D. Publications.—The Center has published and distributed to Legal Services Programs a juvenile law litigation manual, *Law and Tactics in Juvenile Cases*. Other publications include occasional position papers, bibliographies, and the Juvenile Law Newsletter, which are sent to all Legal Services Programs.

NATIONAL PARALEGAL INSTITUTE,
2000 P Street NW.,
Washington, D.C. 20036.
(202) 872-0656

DESCRIPTION

The main activities include:

Library—collecting and making available all information and materials on paralegalism;

Materials Development—manuals and guidelines about methodology (recruitment, training, and supervision of paralegals), substantive training (a "core curriculum" of skills training), and paralegal use (systems, manuals, etc.);

Training Development—demonstrating training models (such as regional training), helping others to set up training programs, and working with academic institutions to offer useful courses and programs;

Technical Assistance—helping local LSPs set up paralegal programs and effectively train and use those paralegals they already employ;

Encourage Paralegalism Generally—working with law schools, junior colleges, and bar associations which are involved in paralegal matters, assisting in the organization of paralegals, helping resolve paralegal issues (salary, educational opportunity, job mobility, etc.), stimulating funding for the field (searching for funding sources, helping local LSPs find funding, demonstrating paralegal possibilities, etc.), and doing research on the training and use of paralegals.

RESOURCE CENTER ON CORRECTIONAL LAW AND LEGAL SERVICES. 1705 DE SALES STREET NW., SUITE 601, WASHINGTON, D.C. 20036. (202) 293-1712

DESCRIPTION

The Center is funded jointly by OEO and Ford Foundation. There are co-directors, each of whom takes prime responsibility for one of the funded halves. As the OEO funded operation, the backup component has always seen itself as primarily responsible to OEO Legal Services offices, responding as thoroughly as possible to requests for help and information.

However, the Center currently has no authority to participate, in any way, in trial litigation of any sort, and can only on rare occasions participate in appellate litigation, thereby restricting to some degree the amount of aid which may be successfully forwarded.

NATIONAL SENIOR CITIZENS LAW CENTER, 1709 WEST 8TH STREET, LOS ANGELES, CALIF. 90017. (213) 483-3990

DESCRIPTION

NSCLC is a national resource for information and assistance with respect to the legal problems of the low-income elderly.

NSCLC maintains branch offices in Washington, D.C. and Sacramento, Cal. These offices monitor legislative and administrative activities, draft model legislation as well as inform Legal Services attorneys of legislative and administrative proposals and actions affecting the interests of the elderly poor.

The center hopes to persuade legal services attorneys throughout the nation and the bar in general of the importance of the legal problems of low-income elderly; to train legal services attorneys to identify and meet these needs; to provide information and technical assistance to legal services attorneys who seek to meet the needs; and to seek new ways of delivering legal services to the low-income elderly.

The governing committee of NSCLC, composed of representatives of the client-community and the legal service bar have selected the following priorities: income adequacy and maintenance; health and nutrition; institutionalization; housing; transportation; guardianship and conservatorship; probate; employment; consumer; pension reform.

NATIVE AMERICAN RIGHTS FUND, 1506 BROADWAY, BOULDER, COLO. 80302. (303) 447-8760

DESCRIPTION

The fund is the National Indian Law Backup Center and provides the services of at least two attorneys to OEO programs serving Indians. One attorney works full-time on the backup center and is charged with the responsibility for the functions of the Center. The other 12 staff attorneys, working on requests from legal services programs, will provide the equivalent of at least another full-time attorney.

A. Service.—The main focus of Native American Rights Fund is on Federal Indian Law—the relationship of federal and state governments to Indians. It offers the same type of assistance as other backup centers, from research to acting of counsel or even the counsel in certain cases. Native American Rights Fund also handles civil rights and education matters as they relate to Indians but will offer assistance in any area relating to Indians in which they feel they have the expertise.

B. Objectives.—

- To protect rights to land, water, and other natural resources;
- To assist in achieving the fulfillment of trust and treaty obligations to Indians, and to assist in obtaining enforcement of special governmental responsibilities to Indians;
- To aid in strengthening tribal sovereignty and promoting the preservation of Indian culture, values, and heritage;
- To protect civil rights and rights to the benefits of the dominant society;
- To contribute to the development of a body of Indian law that will strengthen the ability of Indian people to maintain their ways of life within the dominant society;
- To contribute to the training of Indian lawyers and the development of an Indian bar.

YOUTH LAW CENTER,
Western States Project,
795 Turk Street,
San Francisco, Calif. 94102.

DESCRIPTION

A. Issues.—Juvenile law: delinquency adjudications, neglect and dependency, right to counsel, due process, record sealing, probation revocation, institutional care and treatment, community alternatives to juvenile court jurisdiction and institutions, etc. Education and school law: student rights, quality of education, etc. Health care for children.

As a section of the Youth Law Center, the Western States Project relies on YLC staff members—in addition to experienced juvenile law litigators in the field—to provide advice and assistance to legal services lawyers.

B. Objectives.—(1) Assuring that the due process protections established by *In re Gault* are being provided to all juveniles; (2) Assuring that institutions in which juveniles are incarcerated provide meaningful care and treatment; (3) Assuring that judicial scrutiny and standards are brought into the area of neglect and dependency proceedings; (4) Diverting as many children as possible from juvenile court and institutional jurisdiction into community alternatives.

Jurisdiction: Alaska, Arizona, California, Hawaii, Idaho, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah and Washington.

POVERTY LAW REPORTER,
Commerce Clearinghouse, Inc.,
4025 West Peterson Avenue,
Chicago, Ill. 60646.
(312) CO-7-9010, Ext. 263

DESCRIPTION

Poverty Law Reports—a two volume loose leaf publication containing a basic compilation of poverty law materials supplemented by biweekly reports covering new developments for filing in the two volumes. Major coverage includes; public welfare, housing, landlord-tenant, consumer protection, and juvenile delinquency law. OEO legal services programs and office procedures also covered. Other legal subjects covered include: aged persons, bankruptcy, court costs, right to counsel, court preferences, economic development, education, elections, voting, candidates, census, employment, unemployment and workmen's compensation, federal remedies, fines, imprisonment, food programs, garnishment, illegitimacy, Indians, insurance (civil disorders and ghetto areas), medical facilities and services, migratory labor, military services, financial responsibility (motor vehicles), school lunch programs, social security benefits, students, vagrancy, wage assignment, etc. Basic compilation and new development materials may be located through topical indexes, tables of cases, cumulative indexes, and other finding lists. The reporter contains a U.S. Supreme Court docket, a listing of legal services offices, summaries of back-up centers and other OEO Projects, and a current listing of pertinent law review articles.

II. STATE AND REGIONAL BACKUP CENTERS

OHIO STATE LEGAL SERVICES ASSOCIATION,
8 East Broad Street, Suite 1200,
Columbus, Ohio 43215.
(614) 221-2668

DESCRIPTION

Technical assistance for local Bar Associations and local community groups to expand the availability of legal services for the poor in Ohio. Funded as a back-up center for the legal services programs and attorneys in Ohio. Assists local legal services projects in researching, briefing and arguing cases which involve unique questions of law. Coordinates the law reform efforts of the other sixteen legal services projects in Ohio. Periodic meetings and communications to legal services project directors to coordinate these efforts, to avoid duplication and to inter-relate legislative and litigation efforts. Represents individuals and client groups in counties not now served by funded legal services projects in cases which raise significant law reform issues. Maintains a legislative unit which is responsible for researching, drafting and seeking support for state legislation in those areas of the law which affect the poor. Legislative unit monitors all legislation in the Ohio General Assembly and advises legal services attorneys and other interested groups on pending legislation. A monthly printed newsletter is circulated among legal services attorneys, legislators and other groups. The newsletter contains summaries of court decisions and legislation of interest to the poor. OSLSA sponsors and conducts seminars for legal services attorneys in Ohio on various topics of poverty law, e.g., welfare work relief litigation, school finance, Title I litigation.

MASSACHUSETTS LAW REFORM INSTITUTE,
2 Park Square,
Boston, Mass. 02116.
(617) 482-0890

The institute is a federally funded law reform center for poor people operated by the Voluntary Defenders Committee, Inc. It serves as a law reform resource for the 13 neighborhood legal services projects that provide free legal representation for poor people throughout Massachusetts by assisting these projects in test cases, coordinating their law reform activities, acting as a clearinghouse for new developments in the law, and drafting on their behalf legislation submitted to the Massachusetts Legislature.

Each staff member specializes in one or more subject matter areas. Each staff member's highest priority is to respond to requests from legal services lawyers for assistance in those subject matter areas. Included within this 'backup' function are discussing and working on cases with legal services lawyers, visiting and conferring on a variety of matters, attending and putting on meetings and conferences and preparing and distributing written material such as the Legal Services Monthly, model court papers and practice memoranda.

Areas covered by the staff are welfare, housing, education, criminal law, employment, juvenile, domestic relations, consumer, health law, court procedure and administrative law reform, day care licensing, corrections and women's rights.

MICHIGAN LEGAL SERVICES ASSISTANCE PROGRAM,
Wayne State University Law School Annex,
Detroit, Mich. 48202.
(313) 577-4822

DESCRIPTION

Michigan Legal Services Assistance Program is a state-wide back-up center which provides litigation assistance, training and education and legislative back-up for the 12 operating legal services programs in Michigan, the three law school sponsored legal aid clinics, other OEO supported poverty groups, such as UMOI Migrant Legal Assistance Project, and with the state OEO offices.

Michigan Legal Services seeks to provide a research center to assist the Michigan legal services programs in their law reform efforts, develop new legal theories and litigation techniques, educate and inform legal services attorneys in new theories and techniques to stimulate law reform activity, and to coordinate, where possible, litigation and legislative efforts.

The primary focus is on litigation and they assist any Michigan legal services lawyer with a case that requires extended research. A second function is to educate legal services attorneys and to keep them up to date on recent developments. They prepare background papers and memoranda on numerous areas of law, publish newsletters which contain articles describing substantive developments in poverty law which are of relevance to Michigan attorneys and a listing

of all Michigan cases and legislation affecting the poor and conduct seminars and training sessions on various legal problems of the poor.

Third, they attempt to implement the work of the national back-up centers in Michigan.

A significant work load has been the drafting of legislation for various groups, such as the Welfare Rights Organization, and actively assisting in representing the poor before the legislature. They also focus upon the activities of the administrative agencies affecting the poor, such as the Department of Social Services, to assure that these agencies act consistently with the legal obligations they have. They are involved in evaluating practices and policies of these agencies and the preparation of comments on proposed rules which they seek to implement.

Overall they seek to coordinate the efforts of legal services programs to attack the substantive areas of law that affect poor people in Michigan. To do this properly we maintain contact with the local legal services, through monthly meetings of legal services directors and retain direct contact with the poor. Thus, they represent the Welfare Rights Organization, Citizen's for Better Care, the Michigan Association for Consumer Protection, several tenant unions, and other low income groups.

APPALACHIAN RESEARCH & DEFENSE FUND, INC.,
1116-B Kanawha Boulevard East,
Charleston, West Va. 25301.
(304) 344-9687

DESCRIPTION

APPALRED is a private nonprofit organization in the nature of a public interest law firm, emphasizing law reform. APPALRED furnishes lawyers for individuals and community groups in Appalachia who need legal help, but aren't able to pay for it.

A staff of trained personnel and community workers also is maintained to assist low-income citizens understand the political and economic forces affecting their lives so that they may gain a measure of control over those forces.

APPALRED provides a full range of legal services, including legal advice, trial work, law reform activity, appearances before administrative agencies and legislative committees, and consumer advocacy.

Major programs include adult education and paraprofessional training designed to encourage poor people to: exercise their rights as citizens, and to share fully in the responsibilities of self-government.

Legal Assistance is given directly to the client as in the case of: low income families and disabled coal miners who qualify for various state, federal or private benefits and who are unable to establish their eligibility; poor, rural communities which are threatened by environmental dangers caused by mining and drilling operations or construction of dams; sick persons who require hospitalization but who are denied admission to a hospital until they pay a deposit; consumers who are victimized by privately owned utilities through discriminatory rates.

Back-up assistance is given to other legal services offices and community action programs in Appalachia by making available to them specialized research, trial counsel, legal briefs, staff training, and investigative help in matters involving environmental questions or individual rights.

APPALRED conducts or sponsors different projects which are intended to improve the lives of low-income Appalachians in various ways. These projects include: community aide training to: improve food stamp distribution; increase health care; fight black lung disease; obtain disability benefits; revise welfare programs; expand school lunch programs; revitalize public education. APPALRED also provides publications covering a wide range of subjects from pollution abatement to population control. They have supported folk festivals, a school for mountain children, and community organizing.

Mr. HOUSEMAN. I think the statement explains the documents, some of which are internal OEO memorandums which have been discussed but to my knowledge not released, and some reasons to those memorandums which I and other Legal Services Backup Center directors have prepared, and a list of all the national and State backup centers describing in detail the activities of these centers.

I am aware that this committee has heard from one of the former directors of the Office of Legal Services, now Dean of Catholic University Law Service, Bamberger, and I will not attempt to duplicate his testimony. These materials in a way provide substance and support for the testimony which he gave and with which I and the Organization of Legal Services Backup Centers completely concur.

Let me address myself only to two points. First is I want to make it very clear and put on the record exactly how a National or State backup center functions with the local legal services program. In the testimony I used an example involving litigation around the school lunch program, which describes the efforts which I made when I was an attorney with Wayne County Legal Services. Those efforts in terms of my needed assistance from the national and State backup centers required me to seek technical expertise and technical assistance in order to bring litigation on the school lunch program in Detroit. As a result of that technical expertise we were able to gain a major victory in this community which resulted in the implementation of the school lunch program in 70 new schools, and resulted in establishing more liberal guidelines providing to all indigent children free and reduced priced lunches.

In addition we had a major effect on the implementation of the school lunch program in the rest of the State, and an effect which is continuing today to be felt. This example illustrates the absolute need which the local legal services has for the resources of the national and State backup centers.

Another example of current interest is one which focuses on the FHA problems in Detroit for housing scandals created by the FHA. Today in Federal court we are filing a lawsuit along with the local legal services program, and the local legal and society which is privately funded. This lawsuit will attempt to correct the illegal conditions, and the illegal activities, of FHA in Detroit. Those activities resulted because homes were sold to low-income people which were in violation of Federal standards and regulations. In terms of assistance in this case, all three local programs involved relied upon the work which has been done by the National Housing Law Center in an Oregon case.

In addition, my program, which is a State backup center, provided to both the local legal aid society and the local legal services program research assistance and technical expertise which neither one in and of itself had the capacity to deliver, nor the time to deliver because of the pressing caseload which the attorneys in those programs maintained. This too is an example of how a backup center can provide resources and the ability of local legal services programs to function in a manner which will provide full and complete representation to the low-income community.

I should point out as well that my testimony indicates both the national and State backup centers have the added capacity of representing low-income people, and low-income groups before the State and national legislatures, and administrative agencies. No one program can possibly send lawyers to Washington to represent people before Federal agencies, and that is one of the major functions of the national backup centers. The same is true on a statewide level.

The urgency with which I discuss backup centers relates to the obvious fact which is now becoming clearer every day that the national and State backup centers, particularly the national backup centers, face total extinction under the policies of the present OEO Administration. Some of the material in here is directed to those policies. Under special revenue sharing, which is emanating as one of the possible solutions to legal services, emanating from the White House, it is unlikely that State backup centers will be allowed to continue. They would be placed under local and State political control in most cases, which would mean their complete elimination.

I find it difficult to urge this committee to take special care of those centers in light of Norm's more pressing problems, but I suggest that at least in the long run one of the most difficult problems faced by legal services is the elimination of the national and State backup centers, and by eliminating them means that poor people have to litigate and to be represented in an effective and administrative advocacy.

This committee is well aware that three programs have heard nothing about the future funding after March 31. In particular one of those programs, the national employment law project, has made a number of efforts to communicate with the present Acting Director of Legal Services, Mr. McCarthy. The response which they received is articles in the press.

In short, the communications network that now exists within OEO in regard at least to the backup centers, and I suspect in regard to everyone is that you find out what the status of your program is not by personal communication, nor by letter, but by reading it in the paper the next morning. This poses, of course, a serious and difficult problem.

I think it is best, since the prepared materials do lay this out for me to end at this point in time. I will conclude by saying that the concern that this committee must have with the future of Legal Services should not, we hope, overlook the need to preserve and maintain the national and State backup centers.

Thank you.

Mr. HAWKINS. Thank you, Mr. Houseman.

I understand Mr. Wallace Riley, president of the Michigan Bar Association has come in since you gentlemen have started, and I will ask him to join you and to give us the benefit of his statement, and then we will open up for questions that any of the members may have.

STATEMENT OF WALLACE D. RILEY, PRESIDENT, STATE BAR OF MICHIGAN

Mr. RILEY. Thank you, Chairman Hawkins.

For the record my name is Wallace D. Riley and I am President of the State Bar of Michigan. For the information of the Chair and the others on your committee, Michigan has an integrated bar association which means that there are nearly 12,000 lawyers who are licensed to practice in Michigan, all of whom belong to the organization called the State Bar of Michigan. In order to practice law in the State of Michigan one must be a member in good standing of the State Bar of Michigan.

That bar association on a one man-one vote basis elects representatives on the ratio of one per 100 to the assembly, which is the chief policy making body of the State Bar of Michigan. It likewise elects on a one man-one vote basis a Board of Commissioners which is in fact a Board of Governors, which meets monthly and which not only sits as the representative assembly, but also implements the policy of the State Bar of Michigan, and it is at the direction of the board, the Board of Governors, the Board of Commissioners of the State Bar of Michigan that I appear here today with their consent and with their blessing to make a statement for the lawyers of Michigan whom they represent and who elected them in favor of the legal services program and the continuation thereof.

I want to tell you that there was a resolution presented to the Board of Commissioners at its meeting held in Grand Rapids last Saturday and that board unanimously passed a resolution which I will not read in total but which I would like to submit to you for the record.

Mr. HAWKINS. Without objection it is so ordered.

[The document referred to follows:]

RESOLUTION OF STATE BAR OF MICHIGAN

Whereas there is a continuing need for legal services for the poor and

Whereas, in Michigan there are twelve legal services programs who received the major portion of their funding from federal sources being the programs in Berrien County, Grant Rapids, Calhoun County, Muskegon, Bay-Midland, Flint-Saginaw, Oakland County, Macomb County, Greater Lansing, Wayne County, Washtenaw County and Upper Peninsula as well as the Michigan Legal Services Assistance Program which is a federally funded back-up center for Michigan programs, and

Whereas, while recognizing the valuable contribution of locally funded programs in Jackson, Kalamazoo and the City of Detroit, as well as the local contribution to the federally funded programs, it is apparent that the major resources available to meet the legal needs of the poor in Michigan are provided through the federally funded programs, and

Whereas, we recognize at the current level of funding and organization, significant portions of the state and the poor who reside there have no organized legal services available to them, and that at the current level of funding even those residing in areas served by existing programs cannot always get prompt attention to their legal problems, and

Whereas, federal funding for legal services programs has not increased since 1970 despite increases in the demand for services and increased operating costs,

Whereas, this Committee and the State Bar of Michigan continues to support the need for adequate legal services for the poor and the need for vital and independent programs to provide this representation, Now, therefore be it

Resolved that The United States government should increase the level of funding of legal services programs to enable them to provide adequate legal services to eligible clients and to prevent a serious deterioration of the quality and quantity of service because of increased expense and mounting caseloads,

Government at all levels and lawyers from both the public and private sectors should take every step necessary to insure that legal services lawyers remain independent from political pressures in the cause of representing clients,

The Congress of the United States should enact a legal service corporation of a design consistent with the foregoing principles and the need to maintain full and adequate legal services for the poor.

Mr. RILEY. May I tell you that the resolved portion of it addresses itself in three simple sentences to these things, and I will read it because it is the essence of our position:

Now, therefore be it

Resolved That the U.S. Government should increase the level of funding of legal services programs to enable them to provide adequate

legal services to eligible clients and to prevent a serious deterioration of the quality and quantity of service because of increased expense and mounting caseloads,

Government at all levels and lawyers from both the public and private sectors should take every step necessary to insure that legal services lawyers remain independent from political pressures in the cause of representing clients.

The Congress of the United States should enact a legal service corporation of a design consistent with the foregoing principles and the need to maintain full and adequate legal services for the poor.

That completes the statement.

Basically the State bar of Michigan favors the proposition that there should be furnished to those who cannot otherwise afford it the necessary legal services. I should tell you that it is our honest opinion that there is no way that the organized bar either on a State level or on a local level on a voluntary basis can properly furnish the full-time adequate services that the poor require.

The question is asked, What about before OEO, and how did people manage then? I think the answer of the lawyers is that while lawyers frequently, as the medical profession, offer services at a reduced basis or on a free basis to those who are indigents, or those who cannot otherwise afford it, nonetheless there were many people prior to OEO days who went without legal services when they needed it. Many of those people have now found help, and have found for the first time access to the courts. They have found it through the continuing help of voluntary lawyers, particularly in our smaller out-of-State communities.

If there is any group of our 13,000 members who are not as enthusiastic for funding of legal services, it is the far out State people who in the smaller communities somehow manage to take care of their own. This is not to say that there are not people in those remote communities who ought to have and who do not have the benefit of legal services, but certainly the vast majority of the membership of the State bar of Michigan—and that majority by numbers comes from the metropolitan community, half of the lawyers who practice law in this State are in Wayne and the surrounding counties, they are here in Detroit. Certainly there is no way for the lawyers who practice here in this metropolitan community to furnish the services that are needed by those persons who are not able to buy those services. The organized bar is concerned only that there be adequate standards to test and determine the indigency, and if those standards are provided, and if the program is properly administered, then the bar itself not only endorses and favors, but is thankful for a means to provide those services.

I would add just one thing further. There is an old maxim in the teachings of the law that you may not have any duty to act, but if you act you must act carefully. I would point out that the Federal Government perhaps in the beginning had nothing more than a moral duty to make available and offer to those persons who could not otherwise afford legal services, but having so made those services available, and having so acted, the concept that those persons who have now discovered access to the court, and have discovered their advocate, and who have followed our system of law to seek relief, the concept that they should be cut off or terminated from those available services in midstream, or at a time when they have by word of mouth and other-

wise come to know them and to appreciate them is absolutely abhorrent to the lawyers of this State, coupled with the admission that I have already said that they could not adequately furnish those services.

So we would urge you, as our resolution proposes, that the Government increase the level of funding of legal services programs, and that in so funding you determine such a way that there not be undue or unnecessary political pressure upon an advocate who seeks to pursue the interests of his client even in those tough situations where it might be against the Government.

Finally, that you find some basis—and we recognize the proposed Legal Services Corporation as a proper basis perhaps—to fund and to promote those services.

The lawyers who practice in Michigan feel that the people whom they seek to serve are better for having had those services, and we hope that the Congress and the Federal Government will see fit to give whatever assistance is necessary to promote and continue the use of those services which will help our system of justice and the practice of law in the State of Michigan.

Thank you.

Mr. HAWKINS. Thank you.

You may be aware that several bills establishing a legal services corporation are now pending before this committee, and several bills were considered by the last session of Congress, and one did pass that session. Difficulties arose over the composition of the board of the corporation, and there has been some perhaps necessary controversy over who should appoint the members of that board.

Do you believe that it would be advisable to have the board members selected from various groups, including the bar association, as a means of keeping the board independent, or would you favor a proposal that those named to the board should not represent groups but should be appointed without any restrictions by, let us say, the President, with the confirmation of the Senate, or has the bar association of this State taken any position on this particular issue?

Mr. RILEY. No, we have not taken a position, but I can tell you what the practicing lawyers think.

Mr. HAWKINS. I would appreciate knowing that.

Mr. RILEY. It is my opinion that the practicing lawyers would believe that a local law office which furnishes legal services to people who qualify as indigents should be run as nearly and subject to the same economic considerations as any other competing law office for a profit, and they would propose, I would think, that the control and management of those services being offered by a local office be somewhat guided by people who are in the law business practice in those localities.

If in fact you are going to remove the pressures from the lawyers, what you need to provide then is simply a good running law office, well managed, economic, functioning well, and you don't have to inject into the management of the law office any of the philosophy, and a lawyer is able to be an advocate and represent a position on either side of the case without having the person who runs the office or pay him, dictate that kind of philosophy.

So I think the overriding situation of the lawyers would be that the office be run on the same basis and subject to the same considerations

that other law offices are run, because at that point what they will be assured of is that the offices which are Government subsidized will be in the same stream of competition as their offices.

Mr. HAWKINS. Do you think that the local bar association should have the veto power or the control over the composition of the board of a legal service group?

Mr. RILEY. I don't know about that word "veto power." I would hope that something would evolve similar to what we have in Michigan now. There are a number of programs, as you know, in Michigan, perhaps more than any other State, and what the State Bar of Michigan has done is to hire a full-time staff person whose job it is to circulate on the staff and give whatever advice and assistance that he can to all operating legal services programs, including resolving jurisdictional disputes and others between them and trying to help their offices function better.

I think that the organized bar and the lawyers in it, who are basically practicing lawyers in the community, have something to offer by way of policy guidance and operation of the other law offices. You see, the thing that happens is the law is a business, and a lawyer is motivated somewhat by the fees in his case. That is how he operates. When you create a law office which does not have that economic motivation of collecting fees, but rather has a grant to operate off, in my judgment there is something missing from that law office in terms of how it operates, and any way that you can inject back into that law office the experience and the practice of the practicing bar, I think that makes that a better office.

If there is any criticism at all among the lawyers in Michigan of legal services programs, it has been in some of the remote areas with respect to how the office was run in terms of competition with the lawyers. Now nobody has ever suggested that they didn't need it, or that they take it over, it is just that they would like it to run like they have to run their office. It is subject to the same pressures and the same thing.

So what I am suggesting is that at someplace in the makeup of what ever kind of a thing you are going to do, if you involve the practicing bar, and the organized bar in it, I think you will get some good guidance in forming a law office which will operate on an economic basis, which will then serve the clients.

Mr. HAWKINS. Then you would disagree with the National Advisory Council on which the bar association was represented, would you?

Mr. RILEY. Well—

Mr. HAWKINS. As moving from the program that type of involvement that would implement what you have just stated.

Mr. RILEY. I guess that is true, that if you are going to treat your law offices and locations like franchises, sure there could be some overall control as to how they ought to be set up and how they ought to be organized, how they ought to be funded. But just like a franchise, by analogy, if it is going to go as we say in an area, it is going to depend upon what its competition is in that area, and how it is accepted, and how the people feel about it, how the competition feels about it. From that standpoint it seems to me that the cooperation of the local bar association in the areas in which the program is to work is

equally as important as some National Advisory Council or something that is going to set it up.

Mr. HAWKINS. You have to be one or the other. Would you suggest that at the national level there should be some involvement of the bar association, that in the composition of the board that it might be advisable to have representation on the board from the bar association?

Mr. RILEY. Yes, I think so.

I sit also in the House of Delegates of the American Bar Association as the State bar delegate from Michigan, and I know that the American Bar has been interested and supported, and in fact passed its own resolution at the mid-year meeting in Cleveland in 1973 favoring the same title proposal as the Michigan State Bar.

Certainly the American Bar involvement on a national level would be very helpful, and I should think that that should be done.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you very much, Mr. Chairman.

I am delighted that the president of the Michigan Bar Association would join us here today. As a member of that association I am pleased that he would come. I presume that his testimony was in support of the continuation of OEO services against dismantlement, and for continuation of the legal services.

Mr. RILEY. Yes, that is correct.

Mr. CONYERS. I very deeply appreciate that.

Now when we start talking about what competitors think of this we get out into murky water don't we, because if we are going to start listening to competitors I don't know of any lawyers that want to take some of the cases that our neighborhood legal services have taken. If they do, they won't run any kind of businesslike shop since there is not any money to be made practicing "poverty law." There won't be any big fees for helping the poor. I never heard of lawyers squabbling among themselves trying to get to represent poor people in the common pleas courts of this city, or in the criminal courts of this city, but as a matter of fact that is one of the big shortcomings of our profession across the country. So we are not too concerned speaking on behalf of some of the lawyers of what other lawyers want to see us do, because all of them are not running very good shops themselves. Right or wrong?

Mr. RILEY. Well, by running very good shops, do you mean with reference to quality of service they give to their clients?

Mr. CONYERS. I thought I was using your phrase that we wanted to see a businesslike law firm that was successful bringing in profitable business.

Mr. RILEY. I don't think I meant profitable in the sense of generating a profit on fees.

Mr. CONYERS. Oh, I see.

Mr. RILEY. What I mean is businesslike in terms of the time and effort and service that is given to a client's problem even though in fact economically that client who comes in cannot pay for it.

Mr. CONYERS. Very good.

Mr. RILEY. The reason I say that, Mr. Congressman, is this: that if there have been any complaints by bar members—and if there are any I hear about them; for some reason they call the President and tell him—it has been on the basis that sometimes unusual effort will be

put in a case, or a case will be handled in a way which even if the client could afford it would not normally be done, and they complain, and I give you their complaint. Obviously the only reason that anybody can beat this dead horse, or do this kind of a thing is because they are not operating under the same economic motivation that one out in practice would be.

Now if it is an important rights case, or an appeal, or something, and there just don't happen to be the dollars to take that case to the Supreme Court, I am not talking about that kind of case.

Mr. CONYERS. There is no profit in civil rights cases.

Mr. RILEY. No.

Mr. CONYERS. There are no profits in constitutional questions.

Mr. RILEY. No.

Mr. CONYERS. Well, then who is going to handle the cases if all the lawyers are running a businesslike office? Well, the answer is that frequently unless the particular members of successful firms undertake these kinds of cases, and often they do and have in the past—

Mr. RILEY. Right.

Mr. CONYERS [continued]. The Neighborhood Legal Services and similar public interest and poverty law firms are all we have.

Mr. RILEY. Yes.

Mr. CONYERS. So perhaps with that explanation we are really all on the same wavelength.

Mr. RILEY. We are. That is not the kind of thing I meant.

Mr. CONYERS. Right.

Mr. RILEY. And that should be done. One of the collateral benefits I think of the legal services program is that not only does it provide a broad base of services to them as might not otherwise have it, but as the cases are shook out there are some of those cases that deserve special attention that might otherwise never have been discovered.

Mr. CONYERS. Appearing in his capacity as the president of our State Bar Association in Michigan, Mr. Chairman, we have been very honored to have Mr. Riley testify before us today.

I don't have any further questions.

Mr. HAWKINS. Mr. LaVor.

Mr. LAVOR. Mr. Riley, you have talked about equity among the private attorneys having a balance in services. Much criticism has been leveled against the backup centers giving the legal services claiming it is an unfair advantage because of all the work that is done for them. Your resolution did not mention the backup centers. Does the Michigan Bar Association have a position on the legal services backup centers?

Mr. RILEY. I think the answer to that is no. Can you tell me what is the objection, that there is too much work or too much advantage.

Mr. LAVOR. There is no objection on our part, a lot of work is done by the backup centers as you know—

Mr. HAWKINS. Would you pull the microphone a little closer? They are having difficulty hearing.

Mr. LAVOR. Much of the work is done by the backup centers, which gives the legal services attorneys some extra assistance that the average law firm or the average private attorney does not have, but be that as it may, whatever the reasons. Is there any view that you have as the president of the association about the backup centers, since they

are a vital part, or they will be a vital part in any consideration being given in the establishment of a legal services corporation.

Mr. RILEY. We don't have an official prediction on that, but I can predict for you what our board, and what our lawyers would think about it. No lawyer who is a good lawyer would ever criticize the other side because he has done more work, or done more research on a case, and no lawyer that practices can pick who is going to represent the person he sues. And if he sues a person who goes to the 75-man law firm, and they enter their appearance for the defendant, there is going to be an awful lot of backup work done before he gets to court, but that does not mean that he is not going to sue, or it does not mean that he is not going to do his backup work in the library, or whatever he has to do.

So I don't think you will ever get any good lawyer to say that he is at a serious disadvantage, or a disadvantage which he by his own work can't overcome just because somebody else has got some extra horses they are going to put on the case. A good lawyer will welcome that. He will go and try to figure out his issues, and his thinking, and the law that is on his side, and he will match whatever they have.

Now if the backup side of a lawsuit, to use that phrase, does things which are not relevant to the case, or delay it, or do things which would not be appropriate in a properly handled case, that might be a different story, but that does not usually happen. The court does not usually let it happen. So I think that the bar generally would not oppose the backup on the basis that it would give anybody on the other side an unfair advantage. I just don't believe that.

Mr. LAVOR. Does the Michigan Bar Association work with the Michigan Backup Center in Michigan?

Mr. RILEY. How would we work with them, do you know?

Mr. LAVOR. On a cooperative basis.

Mr. HOUSEMAN. The answer is yes. In the sense that our program uses the State bar offices for a number of conferences, in terms of some of the work we do in the State capitol in Lansing, we work very closely and sort of out of the offices of the State bar association when we are there.

We also helped cosponsor several conferences between the State bar. Most of this has been done on the staff level within the State bar of Michigan, but there is a relationship that has been in existence for several years.

Also, I am on two of the State bar committees, Legal Aid and Defenders System Committee, and speak in front of county bar associations, and speak in fact throughout the State for both the State bar and for legal services. There is a fairly close relationship between the two, certainly not an antagonistic one at all.

Mr. LAVOR. One last question. As president of the bar, when legislation is considered should there be any restriction placed on backup centers as to how much they may be involved. Should they be entitled to do anything that any other legal services program can do? Should they be strictly informational and backup, or be able to initiate actions as well?

Mr. RILEY. Well, I can't think of any restriction that should be placed upon them. I assume that these are resource and research centers for people who will carry the legal representation of a qualified

person before the court, and I would think the bar would be concerned only that the representation that the person who is qualified for the help gets in the court be by an adequate and licensed attorney.

I think that is the thing we would be concerned about. If in fact there is adequate control in each of these law offices with respect to the people who are preparing and presenting cases, anything which would help them do a better job will raise the quality of that service, which in turn by this competition will raise the standard of the law. So I would think that there would be no reason why we would not favor the backup center, the continuation of it as lawyers, in terms of it in the legal system.

There may be some other questions that some individuals as citizens might have in terms of costs, in terms of management, in terms of some of the other things, but in terms of the operation of the legal system in Michigan, I think we are delighted that we can have as many people as possible have access to the courts and be represented. That is the thing that we have always wanted. That is the thing that we are willing to do.

But as I have told you, there is no way that the organized bar itself can now furnish the services that are being furnished in Michigan to these people who need them. So without the services being furnished in some kind of a program there will simply be two things: there will be people who will be left out without service, and there will be people in the future who won't be able to get service.

Mr. LA VOR. Thank you, Mr. Chairman.

Mr. METZER. Yes. I wanted to give my observation as a program director working with backup centers.

The comment was made that perhaps this gives the legal services program an unfair advantage. Well, you can't have your cake and eat it too. One of the criticisms that is made of the legal services programs is they have many young lawyers and they don't possess the experience and the expertise to prosecute a case like a larger law firm, so our program has called on backup centers often to provide us with this expertise. I see it more as an equalizing force rather than something that gives us and unequal advantage over the opponent.

Second, by and large criticism is not true. I just handled a case before the Second Court of Appeals in Chicago, and it was a sex discrimination case against a metalworking company in Indianapolis and the United States Steel Workers. The United States Steel Workers had a local law firm from Indianapolis on the case, a Washington, D.C., law firm on the case, a Chicago law firm on the case, a Chicago law firm on the case, and just little old me representing my client.

So I think criticism that this provides the legal services' attorney with an unfair advantage is false.

Finally, we call in the backup centers for training programs in a variety of different matters, and our program has been diligent in asking the experts or the specialists to come in and train our neighborhood lawyers in various areas of expertise that they possess, so that our lawyers can develop that quality.

Mr. HAWKINS. Thank you.

Mr. Riley, and Mr. Metzger, Mr. Houseman. We are certainly wanting to express the appreciation of the committee for your testimony this morning. I think you have been very excellent and very helpful to

the committee, and we certainly want you to know that we commend your efforts, and certainly appreciate the time that you have taken to present this testimony to the committee.

Mr. RILEY. Thank you, Mr. Chairman.

Mr. HAWKINS. The committee will be in recess for 15 minutes, but before that may I make this announcement: that Mr. Thomas L. Johns requests that the people here from Wisconsin remain in the auditorium and make themselves available to him in order that he may arrange schedules for them on their return trip.

Mr. CONYERS. We have seen a number of signs around about Highland Park. Highland Park is a city within Detroit. It is an incorporated city, and I happen to represent it as well as that part of Detroit which is in my district. It occurred to me that we didn't have anybody testifying from Highland Park. I recognize how many people wanted to testify before this committee so I called the mayor of the city of Highland Park, my good friend Mayor Robert Blackwell, and I invited him to come down here. I felt certain that Chairman Hawkins would permit him to testify if he were here. From his secretary, Mrs. Gertrude Cole, I got this reply: "Mayor Blackwell said that the OEO cutback does not affect Highland Park. He is sorry, but he has other commitments preventing him from personally returning his call to me."

Now I can understand that mayors are quite busy, and so I sent him, Mr. Chairman, a telegram that says this: "I can appreciate your busy schedule that precludes you from attending the subcommittee hearings being held here today in the City-County Building, but I would like to meet with you to understand how the Highland Park OEO services are not in jeopardy. I will await your call, or secretary's response." Signed myself.

Now it seems—and I can only speculate now that since the mayor is held in such high esteem in the White House, and has been so successful in getting so many programs and funds, maybe he does not need his Congressman's help, or the Congress' help in saving OEO. But at any rate I want to find out what he has got going that does not require him to come before this subcommittee, while the whole Nation has trouble preserving the poverty program, or fighting the dismantlement that is going on in connection with the Office of Economic Opportunity.

I thought that ought to be in the record, Mr. Chairman. I appreciate it. [Applause.]

Mr. HAWKINS. I certainly agree with the gentleman from Michigan. I think the record will indicate the views of the mayor of Highland Park.

The committee will stand in recess for 15 minutes.

[Whereupon, at 12:55 p.m. the subcommittee recessed, to reconvene at 1:28 p.m.]

AFTER RECESS

[The subcommittee reconvened at 1:28 p.m., the Honorable Augustus F. Hawkins, chairman of the subcommittee, presiding.]

Mr. HAWKINS. The meeting will reconvene.

Is Mr. Ted Berry in the audience?

Mr. Ralph McIntosh, member of the board of supervisors, Racine, Wis.?

BEST COPY AVAILABLE

Mr. McIntosh is not in the audience.

The Chair recognizes the gentleman from Michigan, Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman, for permitting me to introduce some of our young friends who are with us today. I should perhaps introduce everybody here as young friends, but the Child Care Coordinating Council of Wayne County, which is located on Ferry, has brought a number of our future office-holders and legislators, and perhaps there may be a mayor or a Congressman or two sprinkled in the lot, who are sitting up there with us. They are appealing to us to consider very carefully the programs that would literally wipe them out.

We are thankful to Mr. Eldridge Hertz, and to Mrs. Sally Brown, who brought them down so that they could hear and evaluate the testimony that is going on before this committee.

Mr. HAWKINS. Congressman Conyers, we certainly welcome the people with their leaders, and we want to express our appreciation to you for having extended this invitation to them. [Applause.]

Mr. HAWKINS. The next witnesses will be Sister Frances Assisi Peilmeier, C.S.A., president of the Board of Directors of ADVOCAP; Lauren Schaumberg, vice president of ADVOCAP; and Rosalie Tryon, executive director of ADVOCAP of Wisconsin.

At this time I would like to recognize Dr. LaVor, who would like to make a comment and participate in the welcoming of this group of witnesses.

Mr. LAVOR. Thank you. Mr. Chairman.

As you know, Congressman Bill Steiger is involved with other matters back in Washington. He has spoken about ADVOCAP for years with great affection, and he asked me to extend a warm welcome to them and all of the other witnesses from Wisconsin who are appearing here today. So on behalf of Congressman Steiger I welcome you.

Mrs. TRYON. Thank you.

STATEMENTS OF SISTER FRANCES ASSISI PEILMEIER, C.S.A., PRESIDENT, BOARD OF DIRECTORS, ADVOCAP; LAUREN SCHAUMBERG, VICE PRESIDENT, ADVOCAP; AND ROSALIE TRYON, SECRETARY OF LOCAL AFFAIRS AND DEVELOPMENT, STATE OF WISCONSIN

Mr. HAWKINS. We certainly wish to welcome the witnesses.

Which one is first to lead off?

You are Sister Frances Assisi.

Sister Assisi. Thank you, Chairman Hawkins.

I am Sister Frances Assisi Peilmeier of the Congregation of St. Agnes, Fond du Lac, Wis., president of the Board of Directors of ADVOCAP, Inc.

The initial charter of this Nation, the Declaration of Independence, asserted the dignity and freedom which all its citizens might hope to enjoy. No limitation since the Emancipation Proclamation has provided as much promise for the attainment of this dignity and freedom as the Economic Opportunity Act of 1964. The scope of the latter act provided America's poor—the Indian, the black, the white—with the first full hope of effectively overcoming the degrading and stultifying effects of poverty—a condition more burdensome and unbearable than most of the chains that bind men because it depletes the very essence

of life, diminishing in men that vitality and those material and psychological resources which can help him overcome sickness, prejudice and inequity.

I have worked intimately for nearly 4 years on the Board of the Community Action program in ~~Fond du Lac County, Wis.~~ (now called ADVOCAP, and extended to include Winnebago County). I have seen the poor emerge in an area I naively considered prosperous. Men and women with minimal education, limited or no skills, sub-standard incomes and homes, defeated by a sense of hopelessness and oppression have through Community Action found a way to dignity and relative prosperity. This has been achieved through the imaginative programs conceived by the CAP Board and the unfailing energy, dedication and efforts of the staff of poverty workers engaged by this board.

Planning with major input by the poor, is basic to the progress of the programs and is the reason for the cooperation which exists in the community in mutually engaging its various components to gather information, identify needs, establish goals, evaluate and improve existing programs and create new ones as evidence of need emerges.

First in priorities in Fond du Lac and Winnebago Counties is housing for low-income families, for the elderly and for large families. The problem is complex and its solution will still require not only money, but untiring effort.

Other priorities include service to the 300 Mexican Americans who reside in the area. Already tutors have been provided for the children as well as driver education in Spanish, English classes for adults, skills training, translation services and social events. These needs have no sudden cessation.

Low income and welfare mothers have been assisted in founding Kindercare—an independent business devoted to providing loving care for children of working mothers. Many more kinds of semiskilled occupations need to evolve and require the supervision and support of the community.

Head Start centers have made it possible for deprived children to get an early start in learning and in living and for their parents to be introduced to the skills of responsible parenthood in a democratic and demanding society.

Legal aid services involving last year alone, attorneys who volunteered services for some 290 low-income clients is one of the proudest achievements of ADVOCAP. All these, with career development, neighborhood youth corps and a variety of nutrition projects have developed as a result of careful staff work, board concern, and the services of Outreach, the heart of CAP programs. The poverty workers literally reach out to the poor and link them with the community services available thus penetrating the barriers of ignorance, apathy and discouragement.

At this point in their development and perhaps for another decade or more, Federal moneys are still essential to the conduct of CAP programs. Local power and money groups are still not sufficiently objective to devote significant sums to service programs. Golf courses, swimming pools, ecology, transportation, beautification programs and even prison reform have more immediate appeal to the middle class taxpayer to whom the poor man still appears to be simply an inefficient and worthless member of society, ravenous for his welfare dole.

Community Action programs, stimulated by Federal grants have made it possible for varied local community groups (religious, political, social, industrial) to coalesce and demonstrate that the poor also hunger after economic independence and a share in the full dignity and meaning of citizenship. The good work, however, has just begun. A longer period of experimentation, demonstration and perhaps some blundering, is still needed—a period at least as long as that which we have devoted to our futile and sometime vicious military endeavors in the Far East.

It is with painful chagrin that we learn that fighting poverty has just recently become what closely resembles a criminal act—I refer to the directives and threats surrounding the orders to phase out local CAP's.

The investment made by the Federal Government in eradicating poverty is minimal compared with the amount devoted to national defense. With trepidation and ineffable sadness I dare to prophesy that the summary disposal of the problem of the poor in our Nation may create a condition more devastating and embarrassing than our earlier neglect to assist a Nation of emancipated slaves to find honor and respect with the freedom accorded them by national proclamation. We have in this century experienced the results of the neglect of a previous century in tending to a serious social responsibility. Let us not propound a similar misery that will draw upon us the curse of future generations.

I plead here today for the still silent and hopeless poor that the Government of this Nation, so uniquely dedicated from its inception to the promotion of human dignity, relent from its design to abandon the poor and instead redouble and stabilize its provision for the war on poverty—a war which may be waged with dignity, justice and charity.

Thank you, Mr. Chairman.

Mr. HAWKINS. Thank you, Sister Pielmeier.

Who is next?

Mr. SCHAUMBERG. Chairman Hawkins, my name is Lauren Schaumberg and I am presently vice president of the board of directors of ADVOCAP, Inc., a Community Action agency serving Fond du Lac and Winnebago Counties in Wisconsin. As a low-income person I would like to tell you about my feelings toward the administration's plans to abolish the Office of Economic Opportunity and Community Action programs.

I have lived in Fond du Lac County for all of the 41 years of my life, except for the 4 years I served in the U.S. Air Force. I was born on my father's farm and spent most of my childhood days on my hands and knees taking care of the sugar beets that we grew in the fields. I now have a family of 6 children and I work as a herdsman for a dairy farmer in the village of Oakfield.

Before ADVOCAP was started in Fond du Lac County there was no group or organization that had the responsibility to work with and for poor people. I know that before ADVOCAP opened for business there were laws made which affected poor people and there were programs established that were supposed to help poor people—but there never was any participation of the poor in the planning of these programs.

I became involved in ADVOCAP when two of my children went to the Head Start center that was run by ADVOCAP. My wife also got a summer job as a teacher's aid one summer there. I became a member of the Policy Advisory Council of the Head Start program and helped in making the decisions regarding the operations of the program. I got to see how other poor people had a lot more problems than I did, and so I wanted to get involved to help them. I helped to set up the senior center in the village of Oakfield, which was originally operated by OEO funds through ADVOCAP but now the village people support it themselves, and it seemed that when I helped other people and they helped me we didn't think about and worry about our own problems so much.

This is how ADVOCAP works and why I thought it brought more love into this world than anything else I ever knew except for maybe my wife and kids. It would help people get jobs and learn to help themselves and other poor people. For example ADVOCAP has a Public Service Careers program which helped a low-income trainee develop skills in bookkeeping and finance. Now, this girl is the director of ADVOCAP's finance department. A couple of weeks ago, the certified public accountant finished the audit of ADVOCAP and wrote a letter to the board saying that this girl kept the best set of records that he ever saw. Another example is when ADVOCAP hired an AFDC mother who now is the housing coordinator for our agency. She helped organize a lot of families in the county and now they are all going to build their own homes if the Farmers Home Administration OK's their application.

That is why I think that Congress was pretty smart when it passed the Economic Opportunity Act which set up ADVOCAP and helped poor people help themselves in Fond du Lac. And one of the best things about ADVOCAP was that poor people learned how to make decisions about their own life and the programs that ADVOCAP would operate. Some people might think that poor people aren't very smart because we don't get a lot of education. I must admit that I never even went to high school. But let me say this—one thing that we know a lot about is what it is like to live in poverty—and that is one thing that rich people don't know a darn thing about. [Applause.]

And one thing that poor people know too is that these Community Action programs were the only Federal programs that helped the poor help themselves.

So I hope that your subcommittee will remember these things when the Congress considers the President's plans to kill the poverty programs. Maybe you can keep in mind our housing coordinator and our finance director and all of the other low-income people that work at ADVOCAP. If ADVOCAP don't keep going, these people will lose their jobs and have to go back on welfare and they won't be able to help themselves or anybody else anymore.

Thank you.

Mr. HAWKINS. Thank you.

Mrs. Tryon, I suppose you are the anchor. I understand that you have also submitted to us some documentations, apparently a group of letters.

Mrs. TRYON. Yes. My statement includes letters of endorsement, news media practice requests, lists of resolutions passed by organizations in our area.

I would like to use my time to explain that in rural areas the CAP agency is far more than a money funnel to the community. We take very little money and provoke a great deal more. I would like to let you know what our area is like.

The Fox River area, the birthplace of the Republican Party, is the only place where you can find 20 counties side-by-side that don't have CAP agencies because to this day they don't admit to poverty. Our agency sits like the hole in the doughnut. The people are concerned and our biggest job is removing the bandages from their eyes once their own poor become visible to them, once they all admit they don't all live in the big cities. These are the people you can tax. Our funds are small. Our agency operates on local initiative CAP dollars per year. It manages to bring in and stimulate 70 percent more funds from private foundations, from church groups, State divisions and organizations. We operate some programs directly funded by county contracts, State of Wisconsin, Housing Assistant Council, Walkford Development, Catholic, Lutheran organizational. None of those funds would have been applied to poverty problems except for that central focus of CAP. The CAP's real purpose is to fight poverty, open the eyes of the community, employ the poor to serve the poor because then you don't have to train them about sensitivity and work toward institutional change. In the rural communities we do this with a very little bit of money, a great deal of help from low-income people and can in fact stimulate a great deal more. I must admit it would be a relief to our community, however, if we were not there. We are the catalytic gods that always ask that you look at the teeth of the children, that you consider the health problems of families, that you continually look at your housing problems, and when forced to look at these issues the community responds and works side-by-side.

When the administration says kill the CAP and see what happens, it means it is working backward and going back to the time when people did not matter, did not care and were not notified or known in our area. Far more is at stake than how much money comes into a community. It is essential that that entity called CAP, that idea based on each man working with another, is continued, maintained, and should be increased. It is perhaps more important in rural areas where we have so few resources, though as I listen to the cities you have so many more problems. The uniqueness of CAP is that you may look at them with local people who live there side by side and work on them, and they are unerringly accurate because the people who hurt are making the bandages, rather than the people in Washington sending down messages such as Mr. Phillips does when he says, "Don't worry about your war on poverty, I am saving most of the pieces and only throwing away your heart," and that part is the part that matters to the poor.

My written statement goes into detail on programs we run.

I am delighted to answer any questions. I think the kind of rural matters I speak of in essence in the community are common to most of us in the State of Wisconsin.

Mr. HAWKINS. Mrs. Tryon, I am really impressed by the fact that although you have modestly indicated that you operate on a very low budget, and very limited area, and also indicate that you don't have

much visibility, that you have been able to get such an imposing and impressive list of supporters apparently, both—

Mrs. TRYON. There is a real relationship there. The best way of getting visibility is by having other people do the work; so our visibility is always that we can do nothing alone, we do it in concert with the community. So those people have those programs. It is their community programs that we are running. Also there the community can see people leaving poverty. They can take steps in the correct directions. I think CAP's everywhere can come up with that kind of support and may not have thought to submit that to you. It is a partnership that you are permitted to have with the Community Action Agency.

Mr. HAWKINS. You must be generating a tremendous amount of voluntary assistance.

Mrs. TRYON. Far more than money, yes.

Mr. HAWKINS. So that if you really capitalized all of it I would think that it would be several times the amount that you have actually received.

Mrs. TRYON. Oh, easily.

Mr. HAWKINS. In terms of the Federal Government.

Mrs. TRYON. Easily so, but if you removed that central core, if I don't have a bookkeeper and finance director and somebody to answer the phones, those volunteers will go back to painting benches or what they used to do. You really need a focal point to let community groups—you have to make it simple for them. You guys, this is what you can do, and we will do whatever is distasteful, and we will put the pieces together, and you may have the credit.

Our visibility is low, the community visibility is high, but we need that CAP, and we need OEO to be able to maintain that. In fact Steiger is ours because, as you know, he is a Republican, and we are the only CAP in his entire territory. We hear from more people year in and year out on a daily basis than from others. Congressman Steiger is concerned and sincerely convinced that ADVOCAP and potential solution makers clearly have enough problems.

Mr. HAWKINS. We are very pleased to have him as a member of the committee. He is coauthor of several of the bills which this committee has before it, and we certainly hope that we will soon be able to report those bills to the Congress, and hopefully to pass them.

Your statement and the list of organizations that have endorsed ADVOCAP and the other statement will be entered in the record at this point.

[The documents referred to follow:]

STATEMENT OF ROSALIE L. TRYON, EXECUTIVE DIRECTOR, ADVOCAP, INC.,
FOND DU LAC, WIS.

My name is Rosalie Tryon. I am the Executive Director of Advocap, Inc., the Community Action Agency serving the poor of Fond du Lac and Winnebago Counties in Wisconsin.

The Economic Opportunity Act of 1964 recognized that poverty exists . . . that one out of every five Americans barely exists in this rich and bountiful nation . . . that our own people lack food, live in miserable housing, and most importantly have often abandoned all hope for a future for themselves and their children.

The Economic Opportunity Act authorized a unique and creative vehicle for hope . . . the Community Action Agency, a locally controlled separate non-profit corporation that worked fully from an "at home" perspective.

Community Action requires that a community look at itself; recognize the conditions and causes of poverty; dedicate itself to seeking solutions; and work together to alleviate and eliminate the curse of poverty; include the poor themselves in the decisions that affect their lives.

The "grass roots" participation, the bottom-up planning, the fully local process of priority selection resulted in a stunningly effective tool for concerned people to work in concerted action. While all Community Action Programs have organizations, business and labor (who despite their great concerns about poverty, conditions; real inclusion of the poor in policy making; employment and training of low-income staff; and institutional change to eradicate poverty causes and conditions.

The local decision-making permits each community to address the specific problems that local people, who clearly know their own area best, see as critical and urgent.

Community action boards include governmental leaders (in our case one-third of the Board appointed by the Fond du Lac and Winnebago County Boards of Supervisors), community leaders from health, education, welfare, service organizations, business and labor (who despite their great concerns about poverty, needed a hub around which to work in joint and coordinated directions) and the last third is the representatives of the poor themselves, who know first hand the realities of poverty and contribute vitally to accurate directions that really matter.

People from all segments of a community working together for improvement is surely American and democratic! Mobilizing individuals and organizations and facilities and funds to eradicate poverty is surely work worth doing! "Self-help" and "hand-up" instead of hand-out programs that offer opportunity for the poor to leave poverty reflects dearly held American principles.

It is stunningly shocking then that the Administration has called for the death of Community Action.

The proposed budget not only shuts off all future funding for Community Action Agencies local initiative funds, but the job of liquidation is being performed with such zest that anti-poverty funds, grants and contracts from sources other than the Office of Economic Opportunity are being severely jeopardized.

This Congressional Committee will hear repeated testimony from all over the nation discussing the injustice, the cost to people, the blow to communities and the economic impact of the War on Poverty.

I would like to offer a different perspective—a description of one small rural CAP agency and how much that heart called Community Action means in reducing poverty and building solution-making capacity into a community.

Acting Director of OEO, Howard Phillips has attempted to confuse public thinking by stating that Economic Opportunity Act programs will continue strongly, and that only the Community Action Agencies are slated for termination. But that Community Action "heart" is precisely the part that the poor care most about, it is the only anti-poverty program that reserves the *majority* of the jobs for the poor, who then work on behalf of their own people. Congress has fully recognized this vital core and has by law protected the funding for CAA's. It must defend Community Action now!

ADVOCAP's total funding for the current year is \$361,810. Only 30% of these funds are Local Initiative, Section 221 funds . . . amounting to \$106,500. The balance of resources come from other Federal agencies, State of Wisconsin Departments and Divisions, County Boards, foundations, church groups, private organizations and individuals. It might appear that a Community Action Agency could simply reduce by the OEO percentage and thrive with the balance, but it is essential to recognize the role and function of that Community Action heart.

With the Committee's permission, I would like to describe the Community Action heart with home-made visuals—the kind of tool most often used by cost-conscious small CAP's. Copies of the exhibits are included in the prepared testimony submitted.

Basic Community Action is home base for a local community.

It has four main facets:

People, and that means poor people are directly served by Outreach—a field work unit that employs poor people to seek out the hidden poor and inform them of the community resources that will help them help themselves. Their work involves accurate referrals and follow-up and often this single service moves an isolated person on the path to an education, employment or health

improvement. Outreach helps people set short range and long range goals and find the means to move up a bit at a time and eventually into the full mainstream of society. The people services include airing poverty problems, opening new awareness to problems and issues and always aiming at IMPROVEMENT and solutions. The poor develop their own leadership, and as they get involved successfully in action that matters, they join more and more often in the total citizen participation process that is our only route to lasting community development.

The second facet of the Basic Action heart is: Community Coordination of Efforts—This includes ADVOCACY—standing by, with, beside and for the poor to articulate and expose needs that require action.

CAP coordinates and communicates so that joint solutions are developed. Instead of fragmented activities aimed at correcting poverty sores, a CAP can bring together the many good parts and pieces of public and private programs and by adding the vocal, working partnership of the poor, develop a better, less wasting joint endeavor.

Basic Action local initiative funds support management of programs and funds. It supervises and trains staff to carry out programs with high quality and with the integrity of purpose so critical. It monitors and evaluates and adapts to ensure that services and programs stay directly on the target of increasing the independence of the poor. Management keeps the vital local Board informed, and involved. It maintains the clearinghouse, the hub, that guarantees one place, you can always go and be heard and of course, it documents and assures compliance with the laws, regulations, and rules that always go with administration and management of the people's money.

The fourth but equally essential facet of the Basic Action Program is Social Planning and Program Development for planning together is the foundation of anti-poverty programs. It is necessary to keep identifying needs and their priority, locating alternatives for action, developing programs and projects and services. Mobilizing funds and resources to carry out the desired work is essential and on-going.

This planning with people is precisely why a Community Action Agency remains flexible and unbureaucratic for the daily input of those involved must be regularly tied to service systems meant to be of real service.

The same Basic Action Center also administers specific anti-poverty programs without cost to those programs. This means that if the Section 221 funds are suddenly pulled out from under CAPS, Federal, State and local resources invested in worthwhile programs are left unadministered, unrecorded, and without fiscal management. The Committee should be aware that for the past years, CAP agencies have been mandated to use their local initiative funds for just this kind of mobilization, attracting and administering widely diverse resources.

Advocap currently administers a Headstart Child Development Program that serves pre-school youngsters and their families with motivation and health services and aims at the prevention of the next generation of poverty.

Our Public Service Careers program—Department of Labor funding—hires poor people (over 75% of our total staff are poor when hired) and intensively trains them for employment, with skill training, accurate sessions on how to interview and get a good job, provides college and vocational school courses and tuition and works toward moving people THROUGH the CAP to outside employment.

Telling people to be "self reliant" is not nearly as effective as assisting people to develop "self reliant" skills that are saleable to employers.

In 6½ years, Advocap has hired 286 people. Over 200 were low-income when hired and in most cases unemployable. The typical Advocap staff member is most often a woman who heads a household, has less than high school education, has very limited work experience or none at all, usually has 4 to 6 minor children, and most often has been forced to rely on public assistance for survival. Shouting "self-reliance" at her is a most ineffective way of producing economic independence, for she must offer an employer proven skills to compete for a job with people less burdened with responsibility.

It can be done! Advocap has moved over 100 such trainee-staff members into community jobs . . . jobs good enough to enable a decent standard of living for families. Advocap staffers now serve as Welfare Director of the City of Fond du Lac, Volunteer coordinator of the Mental Health Center, several hold Civil service positions at State and County departments, many have left for industry, business, banking and manufacturers as executive secretaries, finance officers, bookkeepers, field representatives and other fields.

In October, 1972, we selected 26 of our current staff members who were "poverty trainees" at hire and conducted a special study. I think you will agree that the community as well as the individual gained.

The 26 staff members were heads of households with 85 dependents. The month before employment their total combined income was \$4,864 a month. This income came from AFDC welfare assistance amounting to \$4,105 and their total earned income was \$259 a month.

During the October study month, the income of the combined 26 families was \$10,542, AFDC welfare assistance was only \$1,887, and earned income had jumped to \$8,705.

In a 12 month period, the 26 family heads income was increased by \$6,178 per month . . . or \$74,186 for the year. Their public assistance dependence was reduced by \$2,268 per month or a reduction of \$27,216 for the year. Additionally, these families paid Federal and State taxes amounting to \$7,982 and of course, each of these people was working . . . working for and with poor people in jobs that have value and dignity. Closing out the Community Action Program could send many people just like these back to Welfare or Unemployment Compensation when they want to work, work well and join the community in desiring to be productive tax-payers.

Nutrition for the Aged is a special pilot program funded under OEO. Emergency Food and Medical programs. It tests out the best ways to get increased nutrition to elderly people. It recognizes that the health and often the life of the aged depends on an adequate diet and many times the elderly just don't eat. Money or lack of it is one of the problems, but another is that it is simply too much effort to shop and cook and occasionally the aged don't eat much because it is no fun to eat alone. This program provides a nutritional meal daily at congregate sites for the elderly to eat and to meet and to pursue active interests again . . . and they pay whatever they can afford. The pilot will lead to further expansion hopefully through the Division of Aging when nutrition funds for the elderly become a reality.

Housing Development is one of the most difficult problems faced by our community and one of the most exciting directions for the future.

The Housing Center is a clearinghouse for data collection and information on housing needs of area poor and elderly, and on low-income housing programs available from local, state and federal governments and private resources. The Housing Center provides technical assistance to local governments, non-profit groups, and developers who wish to build low-income housing. Last year the Housing Center provided 546 low-income families with 916 housing services including home purchase, rental, repair, foreclosure, landlord-tenant problems, etc. The Housing Center has assisted in the planning and development of at least 551 low-cost rental units. It has also contracts with: The Fond du Lac County Housing Authority to provide technical assistance to apply for 300-500 units of Public Housing; the Winnebago County Department of Social Services to provide housing counseling services; and with HUD to provide counseling for FHA 235 homebuyers.

Housing Development operates without OEO funds and has combined the funding resources of many bodies including: State of Wisconsin, Department of Local Affairs and Development, Department of Social Services contracts that use Federal, state and local funds—with local monies coming from the Catholic Human Development Campaign and the American Freedom from Hunger Foundation; Housing and Urban Development contracts; Housing Assistance Council; and always community in-kind contributions.

Community Action programs and projects go beyond directly funded activities. At Advocap, some of the special programs include: coordinating Neighborhood Youth Corps for the sponsor 60 miles away; catalyzing and coordinating a free Legal program in which Fond du Lac County Bar Association members, 41 attorneys, donate their professional services and last year served 359 low income clients.

Helping a group of elderly form a Senior Multi-service Center at Neenah-Menasha. During the past year, Advocap started, assisted and spun-off 9 successful Senior Centers in Fond du Lac County that serve over 6,000 aged people regularly.

Parent Training that encourages increased communication between parents and children.

Homestead Tax Assistance in which volunteers are trained to help older people file and apply for Wisconsin Homestead Tax Relief benefits that gets money back in the hand of the needy aged.

Formed "Abilities Unlimited", a group of physically handicapped people who are trying to increase their independence.

Encouraged the integration of Mexican American families into the community with English language classes, Spanish language driver education, special counseling and coaching for the Spanish speaking children and employability and skill development for the adults.

To remove the Community Action heart—is to kill much that is good. It ends a vehicle for change and for hope that communities cannot do without. Annihilating Community Action moves the clock backward to the time when the poor were unseen, unheard, and uninvolved.

Community Action has proved that the poor and the community are willing and able to contribute their energies to defeating poverty. They must be encouraged, they must be commended instead of scorned.

Our Board of Directors responded to the National "dismissal" of Community Action by inviting the people at home, the community to evaluate the merit of anti-poverty work.

My testimony includes as an attachment a strong resolution in support of Community Action adopted by 58 agencies and organizations. These include governmental units, middle class service organizations, agencies in the helping professions. We also include letters of support from the Chamber of Commerce (which acknowledges that poverty is poor business), from the City Manager of Fond du Lac, and Community Service Specialists, and people and citizens.

We think people in our community do care, they recognize that poverty is an immense problem, they ask me to tell you that we look to our elected representatives in the Congress of the United States to preserve the War on Poverty and to maintain the vehicle for change that the poor have accepted as their route to a future.

Thank you.

EXHIBIT I.—BASIC ACTION CENTER—THE HEART OF COMMUNITY ACTION

FUNDED UNDER LOCAL INITIATIVE, SECTION 221—E.O.A.

Serves people directly

- Outreaches and locates.
- Informs and refers.
- Helps the poor set goals and attain the means to reach goals.
- Educates on issues.
- Develops leadership.
- Involves the poor.
- Career Development increases employability.

Coordinates community efforts

- Advocacy of and by the poor.
- Exposes needs of the poor.
- Coordinates community efforts.
- Develops joint solutions.
- Increases communications.
- Delivers community services.
- Employs, trains for the community.

Manages programs and funds

- Manages funds and facilities.
- Supervises personnel.
- Monitors for quality.
- Evaluates and adapts.
- Provides Board services.
- Maintains central clearing house.
- Compliance with regulations laws.
- Documentation and data.

Social planning program development

- Identifies needs with the poor.
- Locates alternatives for action.
- Develops programs.
- Mobilizes funds, grants.
- Researches, collect, interprets data.
- Insures that people are involved in planning.

EXHIBIT II.—THE COMMUNITY ACTION AGENCY ADMINISTERS**ADMINISTERS PROGRAMS AND FUNDS FROM VARIED SOURCES*****Headstart child development***

Funds: Health, Education, Welfare Community in-kind.

Serves: pre-school children, parents, and families; employs the poor; and aims at prevention of future poverty.

Public service careers

Funds: Dept. of Labor—OEO Community in-kind.

Serves: Low income staff trainees, employability development, skill training, higher education, tuition and books, upraised job goals, work experience, and outplacement.

Nutrition for the aged

Funds: OEO—Emergency Food and Medical Community in-kind.

Future: Admin. on aging.

Serves: Aged poor by providing one nutritious meals daily at 4 sites. Broadens life interest through socialization.

Housing development

Funds: State of Wisconsin, Dept. of Local Affairs and Development.

Contracts with two Depts. of Social Services—Federal—State and Local funds (American Freedom from Hunger Foundation, Catholic Human Development Campaign) HUD-237 Counseling Contract Housing Assistance Council Community in-kind.

Housing Clearing House

Research, surveys, data on needs, resources.

Technical assistance to Housing Authorities, builders, brokers, bankers, developers.

Develops "vehicles" for solutions.

Provides counseling to homeowners, buyers, tenants and landlords.

Helps the poor improve housing conditions.

EXHIBIT III.—THE COMMUNITY ACTION AGENCY**CATALYZES AND ASSISTS WITH SPECIAL "UNFUNDED" PROJECTS*****Neighborhood Youth Corp***

Administered by Appleton School District (60 miles away).

CAP links youth and jobs keeps it smooth.

Legal aid

Project of the Fond du Lac County Bar Association.

Secretary provided by FDL County through E.E.A.

41 attorneys donate services 350 low-income clients served last year.

Ncenah Menasha Senior Center

Assisting a new group to develop a multi-service Senior Center with local public and private resources.

(Advocap developed and spun-off 9 other multi-service centers.)

Parent-child training

In cooperation with Vocational School, trains low income parents to increase effective communication within families.

Homestead tax assistance

Trains volunteers to assist the elderly to apply for Wisconsin Tax relief.

Abilities unlimited

Organized a group of handicapped adults who meet to plan and develop means to increase their independence.

Mexican American projects

English classes for adults.

Translation for community needs.

Spanish language driver education.
 Employability development.
 Integration into community life.

Organization and technical assistance to poverty groups

Staff services to groups with common needs.
 Could be: transportation, a place to meet, preparation of materials, planning expertise, encouragement, and liaison with community services advocacy.

The following is a list of organizations that have endorsed ADVOCAP and have passed resolutions (copy attached) opposing the abolition of OEO and CAA's:

Fond du Lac County :

St. Vincent DePaul Society.
 Client & Agency Delegation for Action.
 American Association of University Women.
 Wisconsin State Youth Coalition.
 Oshkosh Community Council.
 Oshkosh Human Rights Council.
 Winnebago Headstart Parent Advisory Committee.
 Fond du Lac Headstart Advisory Council.
 Religious Society of Friends.
 Fond du Lac Headstart Advisory Council.
 Religious Society of Friends.
 Fond du Lac Association of Clergymen.
 Education Committee of Equal Opportunities Commission.
 Ripon Headstart Parent Advisory Council.
 Waupun Headstart Parent Advisory Council.
 Hotline Board of Directors.
 Community Welfare Council.
 Separate Fond du Lac Churches.

Winnebago County :

Oshkosh Community Council.
 Neenah-Menasha Senior Citizens Center.
 Winnebago Co. Dept. of Social Services—Employee Local 2228, AFL-CIO.
 Oshkosh Clergy Association.
 Winnebago Co. 4C's Committee.
 Oshkosh City Council.
 Oshkosh Human Rights Council.
 Oshkosh Monthly Meeting—Quakers.
 Group from UW-O Counseling Staff.
 UW-O Student Center.
 Winnebago Co. Head Start Policy Advisory Council.
 Oshkosh Women's Club.
 Oshkosh Church Women United.
 League of Women Voters—Oshkosh.
 League of Women Voters—Neenah-Menasha.
 Director of Social Security Office.
 Dozen Churches in Neenah-Menasha Area.
 AAUW (American Association of University Women).

Letters of Support from both Counties :

Oshkosh Committee on Aging.
 Neenah-Menasha Clergy Association.
 Oshkosh Clergy Association.
 Dozen Churches in Neenah-Menasha Area.
 Oshkosh Members of Human Rights Council.
 Members of Oshkosh Monthly Meeting—Quakers.
 Governor Patrick J. Lucey.
 David Doyle-Community Services Specialist—Div. of Family Services.
 Marilyn Foresman—President—League of Women Voters.
 Jerold L. Johnson—Captain—Salvation Army, Fond du Lac.
 L. A. Lange, Jr.—President—Fond du Lac Area Assoc. of Commerce.
 Walter G. Hollander—State Senator, 18th District.
 Myron J. Medin, Jr.—City Manager—Fond du Lac.
 Patrick H. Kenney—Vice President & Cashier—First Wis. Nat'l Bank—FDL.

Margaret Thorpe—Housing Services Coordinator—Wis. Dept. of Local Affairs.
 R. E. Guiles—Chancellor—University of Wisconsin—Oshkosh.
 Many, Many private citizens.

RESOLUTION IN SUPPORT OF ADVOCAP

WHEREAS, the President of the United States has issued a budget request to the Congress calling for the end of the Office of Economic Opportunity and the discontinuance of funds for Community Action Agencies, and has simultaneously issued Executive Orders to the Director of the Office of Economic Opportunity and to the Central Services Administration to demobilize the war on poverty; and,

WHEREAS, ADVOCAP has been instrumental in the mobilization of human resources in the surrounding communities and has stimulated these resources toward securing opportunities for low-income families and individuals to help them become self-sufficient; and,

WHEREAS, ADVOCAP has provided services to the poor and to the aged in Fond du Lac County since 1965 including housing, legal aid, senior services, child care, headstart, nutrition, career development, and health; and,

WHEREAS, there are urgent needs in Fond du Lac County for continuation of the services performed by ADVOCAP, Inc.; be it therefore

Resolved that the _____* recognizes the need for continued mobilization of human resources to combat the conditions of poverty in Fond du Lac County and for advocacy on behalf of the poor at all levels of government; and, be it further

Resolved that the _____* go on record in support of the Executive Committee of ADVOCAP, Inc. in its determination to continue its programs and services to the poor and to the aged; and, be it further

Resolved that the _____* request the Congress of the United States to appropriate funds as approved by the Congress in 1972 for the Fiscal Year 1973 and impounded by the President and that those funds be released to Community Action Agencies; and, be it further

Resolved that the _____* urge the Congress of the United States to over-ride the president's proposed budget for the Fiscal Year 1974 and to appropriate continued funds for use by Community Action Agencies to aid their efforts in the national war against poverty.

Passed : _____
 (Date)

Signed : _____
 (Appropriate Officers)

WISCONSIN LEGISLATURE,
 SENATE CHAMBER,
 Madison, Wis., February 14, 1973.

ROSALIE L. TRYON,
Executive Director,
 ADVOCAP Inc., Fond du Lac, Wis.

DEAR ROSALIE: I have your letter of February 12 advising me of the situation in respect to your Agency at Fond du Lac. It seems almost impossible to believe that after the record of accomplishment which you have attained in respect to the work of OEO in Fond du Lac and now Winnebago County, that your work should come to a shutdown.

I believe it is pretty generally understood that any persons who might not otherwise have made a success in life have been able to improve their positions in life and have become self-supporting.

I expect that many of us will have the opportunity long before June 30 to make contact with various members of Congress and to do all we can to urge the continuation of this program. You may be sure that we will use our best efforts in contacting members of Congress in order to do all we can to urge the continuation

*Name of organization.

of the program as a means of helping those who do need help in trying to get along in this world.

Thanking you for your letter, I remain

Sincerely yours,

WALTER G. HOLLANDER,
State Senator, 18th District.

CITY OF FOND DU LAC, WIS.,
February 9, 1973.

HON. RICHARD M. NIXON,
President, U.S. of America,
The White House, Washington, D.C.

DEAR PRESIDENT NIXON: In recent months I have written you concerning the freeze on pollution control funds, the moratorium on housing funds and other matters of concern. Now after study of your budget I must again write to communicate my great concern over the priorities for allocation of funds therein amongst the multifarious responsibilities of the Federal Government. In particular, the needs of the cities seem to have not received the priority that their role in our national welfare would dictate.

Of key importance in our cities are the needs of our lower income and socially disadvantaged. The downgrading or elimination of social programs is most unwise in our opinion. You have stated that many of the social programs are failures not deserving of continued support. This may be true in isolated instances but certainly does not represent our community where we experienced massive success in such programs. For example, our OEO program is outstanding and accepted as such in the community. In the eight years of its existence Fond du Lac's program has served the needs of our poor people in areas of child care, legal aid, housing senior citizen services, nutrition and health and career development. This organization funded largely by OEO, has cooperated with our municipal Housing Authority, Redevelopment Authority and Welfare Department in matters of joint concern and we are proud of our common accomplishments.

We know you are interested in reducing the burden of public welfare and I would submit that the elimination or downgrading of OEO type programs that help people to end the cycle of poverty would be a move that would only thwart your goal. In Fond du Lac many disadvantaged people have been helped to gain employment and fiscal independence. I am pleased to say that my own welfare director, a young lady of 28, hired a year ago, was trained in job skills by our local OEO agency and is serving us with distinction.

Therefore, I would respectfully suggest that the many fine social programs be carefully evaluated before drastic changes are made. I am certain that throughout the breadth of our country there are many like ours that are a credit beyond measure to the communities they serve.

Sincerely,

MYRON J. MEDIN, Jr.,
City Manager.

COUNTY COMMUNITY WELFARE COUNCIL,
Fond du Lac, Wis., February 28, 1973.

HON. GAYLORD NELSON,
Chairman, Senate Subcommittee on Employment, Manpower and Poverty,
Senate Office Building, Washington, D.C.

DEAR MR. NELSON: I am writing to voice my continued support for Community Action Programs. I certainly agree that this nation needs fiscal responsibility, but I feel by restructuring our national priorities we will not have to turn our backs on our less fortunate citizens.

The Community Action Agencies have, over the last several years, contributed greatly to the "cooling off" of the troubles in the ghetto areas. To turn our backs on people when they are just learning to work within the establishment will surely turn out to be unwise at the least, a tragic mistake costing hundreds of lives at the worst. Surely the lessons learned in Watts are not forgotten already.

I support manpower reform legislation by Congress which is appropriately

funded. Surely the citizens of this great country are the single most valuable resource we have, to fail to develop them is economic suicide.

Respectfully,

JAMES J. BLAKESLEE, *President.*

STATEMENT OF MARILYN FORESMAN, PRESIDENT, FOND DU LAC
LEAGUE OF WOMEN VOTERS

I am Marilyn Foresman, representing Fond du Lac League of Women Voters, appearing in favor of budgeting money to allow community action programs to continue.

League has long realized that interlocking inequities in education, employment and housing are inseparable obstacles to full citizenship for all those in the cycle of poverty. In Fond du Lac, League has watched ADVOCAP successfully interrupt this cycle with increasing frequency. At Fond du Lac's ADVOCAP office 289 persons have received employment and training. Over 100 of these persons have moved on to better jobs.

On a national level League of Women Voters has vigorously supported the concept of citizen participation carefully nurtured in OEO programs. On a local level our League has observed with pleasure the cooperation between the poor, the power and the ADVOCAP staff to establish such community services as Kinder-care, Senior Centers, Legal Aid, Outreach, Job training programs, Housing programs.

League urges an adjustment of the National budget so these programs can continue, while other sources of funding are investigated.

DIVISION OF FAMILY SERVICES,
February 12, 1973.

HON. WILLIAM A. STEIGER,
House of Representatives,
Washington, D.C.

DEAR MR. STEIGER: Once again I am writing to voice my continued support for OEO legislation. While I am well aware of the need for fiscal responsibility, I am equally aware of the urgent need for a restructuring of our national priorities. In both my private and professional pursuits, it has been my observation that the need for anti-poverty agencies is increasing, not diminishing. I strongly endorse the philosophical premises upon which Community Action Agencies are based and feel that domestic programs of this sort should be given every measure of support possible.

While not in a position to endorse each and every activity of all Community Action Agencies within the State of Wisconsin, I have had considerable contact with Advocap, Inc. which serves both Fond du Lac and Winnebago Counties. In my present position I have been involved on a professional consultant basis, and my experiences with the Advocap staff have been most positive. My efforts in the area of community planning and resource development have been considerably enhanced by the existence of Advocap. In addition to the provision of substantial expertise regarding anti-poverty efforts, the agency has been able to directly address itself to the objective of maximum employment of disadvantaged. The agency staff appears to represent a careful blending of "disadvantaged" persons and professional staff persons possessing both an appropriate knowledge base and demonstrated leadership ability. Employment with Advocap has provided numerous persons with the necessary experience to become gainfully employed, self-sustaining members of society.

While recognizing that you have long been an advocate of this type of activity, I call upon you once again to put forth every effort possible in behalf of extending the Economic Opportunity Act.

Respectfully,

DAVID DOYLE,
Community Services Specialist.

SAMPLE OF LETTER RECOMMENDED BY THE SOCIAL MINISTRY COMMITTEE TO BE
SENT TO ELECTED REPRESENTATIVES IN SUPPORT OF O.E.O.

CHURCH OF OUR SAVIOUR CHURCH COUNCIL.

DEAR _____: We would like to express our deep concern over the decision by President Nixon to discontinue funding to the Office of Economic Opportunity and thereby end this program.

Here in Fond du Lac the O.E.O., known locally as ADVOCAP, has been a tremendous influence for the betterment of life for many people, especially the poor, the children, and the aged. They have been instrumental in starting the Head Start and Kindercare centers, the Senior Centers, Legal Aid for the poor and have provided job training for many who were previously unskilled and on welfare.

Here at our own church we have opened our doors to the Headstart and Kindercare programs and have always found their people to be very competent and cooperative. Many members of our own parish have benefitted from the many programs of ADVOCAP, especially the Senior Centers and children's programs.

While we recognize that there have been abuses of O.E.O. funds in some parts of the country, we feel that it is without justification for the President to discontinue funds to working, viable O.E.O. programs simply to correct the mistakes being made by some of the offices. Surely it would be more helpful to correct the abuses while allowing the program to continue in its efforts to assist the poor and the aged.

We strongly urge that you support continued funding of the Community Action Agencies through every means at your disposal.

Sincerely,

ROBERT BOSIN,
President.
RICHARD H. ENGLUND,
Pastor.

UNIVERSITY OF WISCONSIN,
Oshkosh, Wis., February 8, 1973.

KATHERINE KIEDROWSKI,
*Coordinator, ADVOCAP, Inc.,
Winnebago County Office,
University of Wis.*

DEAR Ms. KIEDROWSKI: This is to acknowledge receipt of your 5 February letter. On behalf of the entire University community, I would like to extend congratulations to you and Winnebago County Advocap, Inc. on your first anniversary of activities in Winnebago County.

We are proud to provide support to Advocap and its activities and are grateful for the educational opportunities made available to our students. We, too, hope we can continue to work together in any cooperative ventures.

Wishing you continued success, I remain

Sincerely yours,

R. E. GILES, *Chancellor.*

FOND DU LAC AREA ASSOCIATION OF COMMERCE,
Fond du Lac, Wis., February 22, 1973.

Mrs. ROSALIE TRYON,
*Executive Director, ADVOCAP,
Fond du Lac, Wis.*

DEAR MRS. TRYON: The Fond du Lac Area Association of Commerce board of directors endorses the continuation of ADVOCAP in the Fond du Lac area.

The board did not have the opportunity to study the resolution offered but asked to have their opinion expressed to you in letter form.

With kindest personal regards, I am

Sincerely,

L. A. LANGE, Jr., *President.*

Mr. HAWKINS. Dr. LaVor, any questions?

Mr. LAVOR. Just one.

Is there any way that the ADVOCAP operation would continue if the \$106,000 in Federal funds were removed?

Mrs. TRYON. I always hate to say this to a subcommittee, but likely yes. It would not be as effective. We have found enough varied resources that we would lose social planning; we would lose our outreach people, who are so critical. I can see ADVOCAP continuing under a limited sphere.

We would have to play so many ball park games with all the local people that we no longer would be able to be poverty workers. I also comment that my county board started this agency, and started it with real money every year, but if revenue sharing comes, and the county board has total unrestricted control over the funds the poor are far down on the list of priorities. They have many, many more important things to do. They frankly need an agency like ours as flak catchers, and we are the only people who could put the poor first.

The agency could employ and train people. I have some startling figures of what happens when you train people, which is in the testimony there, but it could not be the same kind of free organization because most of my time and my staff's time would be bartering for nickles and dimes and quarters, and contracts, and moneymaking schemes, and we simply would not have the energy to really do the job we are supposed to do. You have a different kind of thing.

Mr. LAVOR. After hearing only three, I can understand why Congressman Steiger is so high in his praise of them.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

I recommended that we take this trio to Washington and move them beyond the Wisconsin delegation, because there are many members who may not have a chance to read these hearings before the deal goes down. We are reminded that in view of the urgency under which this subcommittee is conducting these hearings, they spend the remaining weeks that we have to determine the fate of OEO and the myriad programs that are caught under illegal dismantlement action in Washington, so that they can bring this message to the rest of our colleagues.

Mr. HAWKINS. Thank you.

Mrs. TRYON. Mr. Congressman, we really would be pleased to do that, and I want you to know we would not be using OEO funds to travel, the community is supporting us.

Mr. CONYERS. I am glad you are not asking me whether the use of OEO funds would be well spent if they were used, but that is not the point of our discussion.

Mrs. TRYON. Thank you very much.

Mr. HAWKINS. Again, I would like to thank the three witnesses.

[Applause.]

Mr. HAWKINS. The next witnesses are Mr. Harlows Long, board member of Community Action agency, Wild Rose, Wis.

There have been some substitutions.

Mrs. Wilma Booth, Wisconsin Coalition of the Poor. She is the cochairperson, and Mr. George Bablick, Jr., vice chairman of the Northwest Wisconsin CAP.

Mr. BABLICK. Up in God's country.

Mr. HAWKINS. We are very pleased to have the witness here. Suppose we hear from Mrs. Booth first.

**STATEMENT OF MRS. WILMA BOOTH, CHAIRMAN, WISCONSIN
COALITION OF THE POOR**

Mrs. BOOTH. Representative Hawkins, as a representative of low income and poor people who wish to protest the way President Nixon went about destroying the program that has gone down to the grass roots people, the program that has given us dignity, and a chance to bring ourselves out of poverty, to having our children getting the chance they need. My two boys worked on the NYC program, which helped them through high school. Both boys are now in service, and not out on the street.

I saw the help senior citizens have gotten, people getting a purpose in life through CAP. I have helped the poor people of Wisconsin form a group to educate ourselves on what elections mean, and try to get more low-income people out to vote. I think it is time Congress gives the people a chance to voice their opinions whether they be rich or poor, black or white, women or men—the ones who are affected by what goes on in Washington.

Community action agencies given the low-income opportunities to become self sufficient and have helped them with housing, legal aid, career development, senior citizens, child care, nutrition, and health. They have done many things in the real communities which are sometimes forgotten. I hope Congress sees that the President gets the funds which Congress already assigned to them.

I am Wilma Booth, Head Start parent, chairman of the board of directors, cochairman of the Wisconsin Poor People's Coalition.

Mr. HAWKINS. Thank you Mrs. Booth.

Mr. HAWKINS. Mr. Long, suppose we hear from you next.

**STATEMENT OF HARLOWE LONG, COMMUNITY ACTION AGENCY,
WILD ROSE, WIS.**

Mr. LONG. As Abraham Lincoln once said, "My remarks will be short and sweet, like the old woman's dance." I wish to speak of the intangible considerations which attend the cutoff of funds for community action programs in central Wisconsin. Intangible, but no less real, no less vital to the national effort to uplift all of our people. In the central sand area of Wisconsin, many of the innercity problems are duplicated and even compounded. We see rural slums developing before our eyes with all the attending frustrations, the heartaches, the debilitating experiences of poverty stricken people everywhere. Community action programs are helping the people look upward, helping young and old to see some hope and promise for the future, if they can only address themselves to the task with some planning, some motivation and direction from the concerned people in OEO.

When the county board in my county saw fit to offer no help to the local office of the OEO, two neighboring counties joined with us to maintain a badly needed community action program of day care for children of working mothers, headstart for disadvantaged children, centers of communication for senior citizens and several other out-

reach programs, all of which help to upgrade the quality of life for the poor, the unfortunate and the unable. This is a compelling reason for OEO continuance.

We must be allowed, and helped by the Federal Government, to push forward to higher standards in spite of lack of understanding or even opposition by misguided local officials. OEO makes it possible to do this.

I urge you, Congressman Hawkins, and the Congress to restore the funds and agencies of the OEO.

Then, in the true spirit of neighborliness and community, we can work together for the common relief of the poor and the common good of our own souls.

Thank you.

Mr. HAWKINS. Thank you, Mr. Long.

Mr. HAWKINS. Mr. Bablick, vice chairman of the northwest community action program, Butternut, Wis.

STATEMENT OF GEORGE BABLICK, JR., NORTHWEST COMMUNITY ACTION PROGRAM, BUTTERNUT, WIS.

Mr. BABLICK. Thank you, Mr. Chairman.

I am George Bablick, Jr. of Butternut, Wis. I am on the Northwest Community Action Agency Board. I am also vice chairman of this board. I am chairman of the action council and a member of Wisconsin's community training and development out of Fond du Lac.

Remember, I am not a staff member and I am not paid, I donate my time to the poor. I also belong to the National Alliance of Businessmen which sponsors NAPS.

Remember, Mr. Chairman, poverty has no age limit. Poverty has no color factor. Poverty has no geographic boundaries. Poverty has no sex discrimination. Poverty has no religious barrier. Poverty has no guidelines.

Poverty we know is not the choice of people. We know from historical and social circumstances that many of them are manmade, and they can therefore be changed by men, not overnight, and not by instant means, but by people who are concerned. Our leadership has said, "Come home, America." As our Government comes home, as they come home to the prolems of the people. As they come home to stay. As they come home to help the people who built this great Nation, the working people.

Have they come home to take a look? Let's not worry about "Come Home, Americans." Let their Government come home to us, your people. Come home and stay home.

Let's see America No. 1 today, tomorrow, next week, next month, next year, forever. Mr. President, you come home first and refund OEO.

Thank you. [Applause.]

Mr. HAWKINS. Mr. Long, with your statement you say that one of the counties saw fit to offer no help to the local Office of Economic Opportunity in the establishment of child care centers, Head Start and other programs. Was there any particular reason why this county did not act?

Mr. LONG. The same thing I think that those 20 counties that the lady spoke of don't have CAP agencies, or don't support it, they just don't want to.

Mr. HAWKINS. Do they have poor people in the county?

Mr. LONG. Yes. We have plenty of them. One of the reasons I think the OEO funded some HUMAS activities and caused a little dissension among the farmers who were using migrant help, so they thought that maybe if they could just pinch off the funds that HUMAS would not be effective in that.

Mr. HAWKINS. Thank you.

Mr. Conyers.

Mr. LONG. I am a member of the county board, by the way.

Mr. HAWKINS. Which county board now?

Mr. LONG. Waushara County board, one that does not give any help.

Mr. HAWKINS. You are a member of that county board. The one that does not give help?

Mr. LONG. I am a member of the board, yes, that is correct.

Mr. HAWKINS. How many other members of the board?

Mr. LONG. Nineteen.

Mr. HAWKINS. Was it 19 to 1 or what?

Mr. LONG. No. The fact of the matter was we didn't even vote on it. It was proposed.

Mr. HAWKINS. You had to come over to Detroit to get a voice then?

Mr. LONG. That is right. I was up in Green Bay giving the same voice, and giving the same message up there. I hope they get it.

Mr. HAWKINS. Thank you.

Mr. Conyers.

Mr. CONYERS. Mr. Chairman, I vote this gentleman a Handbook on Roberts Rules of Order so at least you can get a vote. I mean we are used to losing in Washington, but we usually are able to force things to a vote.

Mr. LONG. Well, when you know there is only going to be one there is not much point in it.

Mr. CONYERS. I think you ought to take this great sermon back to your home town and say "Come home, Butternut", or whatever city you are from.

Mr. HAWKINS. This is Mr. Bablick.

Mr. BABLICK. Wild Rose.

Mr. CONYERS. Wild Rose. We know about Wild Rose around Detroit, too. Not the same connection.

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. No questions.

Mr. HAWKINS. Thank you, Mrs. Booth, Mr. Long, and Mr. Bablick.

We certainly appreciated having you testify before this committee. I think that those of you who are very close to the delivery of service can offer much to this committee, because whatever we may think about it as officials, those of you who are closest to the problem can offer real testimony as to the reason why these programs should be continued.

Thank you.

Mr. BABLICK. Thank you.

[Applause.]

Mr. HAWKINS. I would like to call at this time Mrs. Garnetta Clark. We appreciate your coming back, and we would like to hear from you. Would you identify the position which you occupy?

**STATEMENT OF MRS. GARNETTA CLARK, LOCAL 2816, AMERICAN
FEDERATION OF GOVERNMENT EMPLOYEES**

Mrs. CLARK. I am Garnetta Clark. I am from the Office of Economic Opportunity, however, I am not here in any type of official capacity. I am here representing our Local 2816 of AFGE, which is the American Federation of Government Employees.

Mr. HAWKINS. What is your position with the OEO?

Mrs. CLARK. With OEO, or with the union?

Mr. HAWKINS. With the OEO?

Mrs. CLARK. With the OEO I am a field representative.

Mr. HAWKINS. In what area?

Mrs. CLARK. In Ohio, Wisconsin.

Mr. HAWKINS. I see.

Mrs. CLARK. With the AFGE local I am a representative of the grades 1 through 6, which gives me an official slate on our local board.

I should give you a quick rundown as to why my local thought that I should testify. They came to me and asked me if I would appear in their behalf here yesterday. They feel that because of my background that I perhaps could be able to lend some kind of, let's say, visibility to one of the individuals who you are discussing here today. One of those people who came out of the bowels of poverty, moved up through the Community Action Agency, and is now earning somewhat of a respectable salary, but then that is a point of contention right now because I had six youngsters, and I am trying to live in two cities because my salary really does not justify my bringing my youngsters to the city of Chicago to live. I am originally from Akron, Ohio.

So let me tell you, Mr. Chairman, the major reason why I am here. Incidentally, last night after my partner got on we were supposed to present sort of a team-like effort in order to give you an overall view of the kind of things that the locals saw that was important as far as the battle to save OEO, but since my partner was on and I didn't get on, I am sort of like up in the air right now, and I really don't know from which direction to take this thing. However, I do feel that it is my obligation that since I am here that I should, of course, bring forth the argument that those who I am representing today, the local 2816, that their voices should be heard through me.

It is a varied group that we have, and I am sure that they probably could have found someone that could have been able to prevent this in a better light than I can because of my, let's say, training and professional status.

We have individuals who are in the office now involved in a pretty, let's say, chaotic situation. We have been told that the regional offices will be discontinued as of April 28, and it is ironic that as I sit here to see the parade of the mayors, and the CAP directors, and all of these great people coming before you to testify—I see irony in the fact that time has run out, and I don't know if the committee really realizes this.

I spoke to Mr. Conyers just as you recessed, because I am afraid that time has run out for many of our employees. I understand that

there are 27 people in our offices who are retirement status—people with good skills, people who are valuable to the Federal Government, people who are valuable to the United States, period. These individuals will probably be forced to retire and their skills will be lost. Needless to say, individuals like myself.

As I said, I came up through the Akron Community Council. In 1965 I was out knocking on doors, helping gather statistics to start the agency. After the agency was started I applied for a job and they hired me as a neighborhood aide, and it was in this context that I was able to learn an awful lot of things, the kinds of skills that I am utilizing now as a field representative in the Regional Office of the Economic Opportunity. It was there that I learned first hand knowledge of how to get things done. How to organize. How to effectively convince people by getting my thing together, as we called it then.

It was there that I also observed other individuals climbing up the ladder of the Community Action Agencies, which I am sure that John F. Kennedy meant to be a vehicle whereby individuals like myself who was on welfare, people like some people I know who were working every day, but still in dire poverty, individuals making \$1 an hour and so forth, could utilize that CAP agency to climb up and out of poverty by way of increasing their skills through some of the programs that the CAP's had operated.

I have one friend of mine now who does not work for the CAP agency, who took my my place as secretary of the governing board. She is going to Akron University now. Last semester she told me she made straight A's. That young lady has five children, and she is divorced. I am very proud of her. I am very proud that she got where she got, or is trying to get what she can get from the Community Action Agency. If the Community Action Agency is closed, her scholarship will be discontinued, and she will go back on welfare, and her children will not have much of a future.

To tie into that kind of situation, my children will not have any future either, because as of April 28, if Mr. Phillips is allowed to close the agency down, it just so happens that I have not been able to get my degree, and I have been going to school since 1962. It is a pretty emotional thing, so I won't go into the kind of things that I had to go through to get to where I am now. But I must say that if April 28 comes, because I am not a finished product of a Community Action Agency, because I am not a finished product of the economic opportunity career mobility training program, which I am a part of right now, I have just completed the first year of that, I will undoubtedly go back on welfare.

I am participating on a job task force interoffice OEO, and it is one of our jobs to find jobs in other segments of the Federal Government for those individuals who will be out of work as of April 28.

It is an effort in futility, Mr. Chairman. At first I got some contacts within the various agencies. I got a stack of job announcements yea high, and I was really happy, but I had not looked closely at those job announcements. Believe it or not, we allow discrimination of a sort to operate even within the confines of our Federal Government as far as employees are concerned. If you would ever come across a job announcement, let's say, from the Social Security Administration, it has been advertised that 15,000 jobs will be added to the Social Security

Administration, but they have not really given you the real details of that. When you go and you get these job announcements and you read them, and you get down to a little part on the announcement where it says area of consideration within agency, I am a Federal civil service employee, and I would say by rules of the Civil Service I would think that I should be allowed to apply for any job with any segment of the Government that is operating. But when you look at that little note there, and it says area of consideration for agency only, that means for their people only, and this excludes me—especially so because I am not a finished product yet, I am still in a training program, or I have just completed 1 year of my training program. I have not got my degree yet, besides the fact that the exam requirement was waived for me.

It is not just me, incidentally; there are about seven of us that are in this particular category. There were some efforts made on our behalf, but as of yet we have not seen the results of those efforts. I would like to take this thing away from being so personal, and I hate to get so emotional here—maybe this is because of the way I feel about OEO. I feel that the Office of Economic Opportunity is the only voice that is a whole entity that can advocate and that can really speak for poor people. I know because I have been involved from all ends. I have been involved in the Head Start program, and the New York City program.

I was part of the board of education at one time as a neighborhood consultant looking over their title I and title V programs to see if they were effective, if they were doing the job. Being a part of all of this, this is like cutting off my left hand, or my right hand. It won't be there any more. You know, when I turn over at night to raise up, it won't be there to help me raise, to help me get up.

I feel that speaking like this I am not speaking for myself, there are millions out there. Do you realize that there are over or close to 200,000 individuals that will be in the unemployment lines, and as I just indicated to you there are not any jobs out there for them. What can you do to stop this? There are no jobs for these individuals.

If you take the Community Action Agency away, besides all the other moneys that the Community Action Agency moneys attract, besides that there is the human thing of it, the fact that some mother is going to have to go back on welfare. Believe it or not, if you look at some of the statistics of the CAP agencies you will find that females are the largest number of the employees that they do employ. You will find that this is really discriminatory against them if you cut the program out.

I am sorry I didn't keep to my format at all. I didn't intend to go the route that I did, but I think you probably got the message. The urgency that I feel that is there is not just for myself, because when they take my job away on April 28 they may be getting one individual off the payroll, but they will be getting seven individuals back on the welfare rolls, because I am not a finished product. The other individuals who are involved in the Career program that some of the CAP agencies have put together, they will not be finished products either. They will end up with 1 year of college, maybe a couple months of college, maybe a few months in the Manpower program, and they will be unfinished.

So we have got to finish the job that we set out to do. We have got to see to it that OEO is kept intact and that the mandates that Congress set forth be adhered to.

I thank you gentlemen.

Mr. HAWKINS. Thank you, Mrs. Clark. [Applause.]

Mr. HAWKINS. I think your experience disproves the statement often made that antipoverty programs keep people in poverty. Obviously this is real documentation that could be multiplied many times, that has been the hope of many persons of getting out of poverty and keeping off welfare. We appreciate your returning today to share this experience with us.

Mr. HAWKINS. The next witness is also one who was not reached yesterday, Mr. Robert Mich of General Foods Corp., Topeka, Kans. We are glad to have you with us.

STATEMENT OF ROBERT MICH, GENERAL FOODS CORP., TOPEKA, KANS.

Mr. MICH. I am on the board of directors of the Shawnee County Community Action, Inc. I have only been in CAP work for a little over 18 months now.

I would like to give you a little of my background. I am assistant plant manager in Topeka. I moved to Topeka about 3 years ago and started the plant. It is a new plant developed around new ideas. I really got involved in the Community Action program through the chamber of commerce.

The appeal I would like to make is one of if OEO is defunded and ceases to operate, what kind of alternatives we may have to pursue or should pursue.

A little background on that. In Topeka we had an OEO program at one time and then it was defunded early in the spring of 1970. At that time there was a group of very few people and primarily people who had been employees of the agency who continued to work and try and stimulate some community interest to develop again a program. That is when I got involved and worked with the group to put together the proposal and get funding again, which we got about 18 months ago.

At the time that we were developing the new agency though, we took a look at what had to be done in the past, and what we thought the community action program should be. Those objectives that we had set out to do was not become an operating agency, but to become a social planning agency, which in Topeka was direly needed. There was a lot of planning going on on a few highways, bridges, and a lot of other things we were doing.

So that in a year or a little more than we have been in operation we have had a high degree of success, I think, in having the public officials as well as private individuals become interested in social planning in Topeka and Shawnee County.

Now the problem that we face, and I would say is probably the same that a lot of other communities are going to face, is how do you now make the transition that theoretically is supposedly going to be done through revenue sharing? I offer that revenue sharing may be the answer, but I think it has been done with no education. Any time

that we as people in this Nation want to make a change, I think we have to be cognizant of the fact that with change comes education. Therefore, I don't think that the timing now is proper to defund programs.

I think the plan has to be laid out in a time sequence. People have to be given help in how to go about maintaining the things they are doing, and it has to be a gradual transition. It would be much like in one of my businesses I would not shut it down or give people 2 weeks' notice and say, "I am shutting it down." There has to be some alternatives that you have to bring about. I would like to charge your group that if in fact we cannot totally stop defunding OEO, that we do it in more of a progressive, forward thinking manner than just stopping at no place.

Thank you.

Mr. HAWKINS. Mr. Mich, in my State of California you would not be able legally to terminate, that is, private employment could not be terminated with such a short notice. So the Government has actually legislated against such termination. It seems rather ironic that in some instances at the Federal level that it can be done without any notice at all. As a matter of fact, some have been given only 2 or 3 hours notice. It just does not seem that really in this civilized country of ours that such things are happening.

Mr. Conyers, any questions?

Mr. CONYERS. No, I don't have any questions. Thank you, Mr. Chairman.

Mr. HAWKINS. Mr. Clay?

Mr. CLAY. No questions.

Mr. HAWKINS. Thank you very much.

[Applause.]

Mr. HAWKINS. It is my understanding that Mayor Robert Blackwell from Highland Park is in the audience now.

Mayor, we would like to recognize you very shortly. We have several witnesses that must get back to Wisconsin. If you could remain a few minutes, we would certainly hope to reach you. Is that satisfactory?

Mayor BLACKWELL. Very fine.

Mr. HAWKINS. Good.

The next witnesses are Ms. Laurene DeWitt of Marinette, Wis., and the Reverend James Feay of the Menominee County Community Action Agency in Wisconsin.

Mrs. DeWitt, do you have a prepared statement?

STATEMENT OF MRS. LAURENE DEWITT, OF MARINETTE, WIS.

Mrs. DEWITT. I do, but I am just going to summarize from it.

Mr. HAWKINS. Would you proceed then. The statement in its entirety will be printed in the record at this point.

[The material referred to follows:]

STATEMENT OF LAURENE DEWITT, PART-OWNER AND PERSONNEL MANAGER, HOLT INSTRUMENT LABORATORIES, INC.; SECRETARY, THE CORPORATION AND BOARD OF DIRECTORS OF UNITED MIGRANT OPPORTUNITY SERVICES, INC.; MEMBER, EXECUTIVE COMMITTEE OF THE GOVERNOR'S COMMITTEE ON MIGRATORY LABOR

I have come here today to notify you, as a congressional subcommittee concerned with Equal Opportunities, that I strongly object to President Nixon's action regarding the termination of funding of Section 221 of the Economic

Opportunity Act. I have further come here today to request you to take every action available to you to reverse or over-ride the President's decision. You and your colleagues in the Congress have the responsibility to correct the President's action so that Community Action Agencies can continue to function and provide their vitally needed services so that we, as a nation, can continue our efforts to put an end to poverty in our land of plenty.

I would like to give you some examples regarding why I think these crucial agencies should continue to be funded.

I live in an area of Wisconsin which has a significant population of migrant farmworkers during the summer, which are served by two Community Action Programs working cooperatively. NE Wisconsin CAP, a locally based program and United Migrant Opportunity Services, Inc., a state-wide Title 111B Migrant Program. Until the existence of these agencies, the needs of the Migrant farmworkers in our area were not even identified much less met by local agencies. For instance, last summer the local CAP Agency provided emergency food for 700 migrant farmworkers who desperately needed that assistance because the local welfare agency did not respond to their need. I am completely convinced that if the CAP was not in existence in our community those 700 workers would have gone hungry. I ask you, subcommittee members, who will feed those workers and their children when the need arises this summer?

It has also been my experience that if the CAP were not present in the community that persons who apply for other forms of assistance available would simply be turned down because they would have no advocate. For example, in my position at Holt Instrument Laboratories, I am in the process of assisting two of our employees who are requesting a hearing and a reversal of the decision by our local Department of Social Services to deny them assistance. Without the CAP staff, we would not have even been aware of the fact that appeals of this sort are possible, to say nothing of the fact that we would have no idea how one undertakes the process of filing and executing such an appeal.

Also, as a member of the business community in an area of high unemployment and underemployment, I would like to state that the local CAP agency is an important source of referral for the disadvantaged. This is important to our firm because in order to maintain your "First Preference Status" under the DMP-4 Program at least one fourth of our new hires must come from the ranks of the disadvantaged.

From the perspective of my position on the UMOB Board, I would like to state that we on the Board are highly opposed to the idea that the President can be allowed to eliminate programs for the poor which have been very accountable and highly successful in the past. When the dismantling of OEO was announced, we were told at UMOB that the Migrant Title III B Programs would be shifted to the Department of Labor and would continue. However, as the situation has developed I can report to you that this is definitely not happening. I would like to tell you what is happening so that you can be informed.

On Friday, March 2, 1973, UMOB was informed by a phone call from OEO in Washington that unless our Program Proposal was completed and in Washington by Monday morning, March 5, 1973, there was no chance whatsoever of our program being refunded. Even though this was roughly thirty (30) days ahead of our previous target date for submission, our staff worked night and day and produced an excellent proposal package which we flew out to Washington on Sunday evening. I might add that we were also advised by OEO in Washington that it would not be wise to use such words as "advocate" in the proposal's narrative if we wanted to be considered for funding.

Monday we had word from Washington that none of the mid-west programs had received funding for the program year 1973-74. UMOB is the only mid-west program whose fate has not yet been announced. We can have little hope that we will be refunded when UMOI from the state of Michigan which has an excellent, highly effective program, has not been refunded. I would like to emphasize to you at this time that all of this activity regarding program funding is happening BEFORE the Title III B Programs are transferred to the Department of Labor.

I would like to give you some examples of difficulties which are being imposed in the UMOB program on other levels:

Our Family Planning Component, Grant 51179, out of the Office of Health in OEO expired on November 30. The program was "refunded" but we have not received any monies to this date. Our Family Planning Staff has not been paid for eleven (11) weeks.

Our National Farmworkers Program Component, out of the Department of Labor, was approved for funding in Washington on November 10, 1972. It has

been "held" in Chicago since that time and the program has been inoperative for lack of funds since it expired in November. Yes, there seem to be many ways to disable an agency that is effectively serving the poor.

When I say effectively serving the poor, I don't mean only statistical program success which is easily demonstrated by an organization like UMOs. (Such as the fact that UMOs settles out an average of 350 families yearly.) Rather, I mean facts such as the composition of our staff is such that 86% are former migrant farmworkers. Of 18 supervisory positions, 15 are held by former farmworkers. The Board of Directors, itself, is composed of more than fifty percent former farmworkers. In my opinion, when former migrant workers are taking charge of their own programs and are involved to this degree to solve their class problems, programs such as UMOs and UMOI should not be defunded.

I have tried to limit my testimony today to my business and minority perspectives in order to be as brief as possible. However, I would also like to state that there are many ways in which I view the continuation of Community Action Agencies and programs such as UMOs as vital in addition to the interests I have mentioned here.

I would like to strongly urge your immediate action regarding the continuation of these programs. As much as I value the information gathering process and understand the necessity of documentation in this situation, I am aware of the fact that right now programs which have been highly accountable and very successful in the past are being eliminated. I ask you to take the most vigorous and decisive action available to you to see that vitally needed and exceedingly effective programs continue to exist and function.

Mrs. DEWITT. Thank you.

I am here wearing three hats. I am part owner of a business in northeastern Wisconsin. I am the secretary of the board of directors of the United Migrant Opportunities Service, which is a CAP agency, title 3(b) funding. I am a member of the executive committee of the Governor's Committee on Migratory Labor in Wisconsin.

I am here as you know, as everyone else is, to notify you that I object to the President's action, and I request you as Members of Congress who have such responsibilities to take every action available to you to turn this thing around. I live in an area of Wisconsin which has a lot of migrant farmworkers in the summer. I am very aware of how we rely on our local northeast Wisconsin CAP agency. It is a hostile community for poor people, and especially for those problems of the poor coming to the surface.

The local CAP agency works closely with HUMAS, and last summer the CAP agency gave emergency food to 700 migrant workers who were turned down first by the local welfare office.

In my position at Holt Instrument Laboratories I am in the process of assisting two of our employees who were turned down by the local welfare office to get fair hearings about why they were turned down. In the past I thought the local welfare only turned down migrant workers, and I thought there had to be a reason. They could not speak English, but no, they turned down the English-speaking ones too.

As a member of the business community in an area of high unemployment and underemployment the local CAP agency is an important source of disadvantaged under the DMP-4 program, which states at least one-fourth of our new hires must come from the ranks of the disadvantaged.

From my perspective on the HUMAS board I would like to state for the record here today that we are very opposed to the idea that the President can oppose programs which have been very accountable, and highly successful in the past, even though they are controversial.

When the dismantling of OEO was announced, a paper came out talking about what would happen to minority programs. We were

told that the Department of Labor would take all the title 3(b) projects and that the title 3(b) would continue. It has turned out that this is not what is happening, and I would like to know what is happening.

On March 2, 1973, HUMAS was informed by phone call from OEO in Washington that unless we had our complete program package into the Office of Economic Opportunity Monday morning—that is 2 days—that we would have no chance of being refunded for the next program year. Our staff worked day and night, even though the program proposal was not due for at least 30 days. They produced a good proposal package and we flew it out to Washington on Sunday evening. Our instructions from Washington included the advice that if we wanted the program proposal to be funded that we should not use such words as "advocate" in the program narrative.

Mr. HAWKINS. Who told you that, may I ask? Who told you that?

Mrs. DEWITT. The OEO analyst from the Washington Minority Grant Division who is responsible for our program.

Mr. HAWKINS. He told you that the use of the word "advocate" might disqualify the application?

Mrs. DEWITT. Yes, he did.

Mr. HAWKINS. Thank you.

Mrs. DEWITT. Monday, which is yesterday, we got word from Washington that none of the title 3(b) programs in the Midwest for migrants will be refunded next year, with the exception that they have not announced whether HUMAS will be refunded. We really don't have much hope for refunding because UMOI, which is the CAP agency for the State of Michigan, was not refunded, and they think they are a pretty great program, and doing an excellent job.

On another level I would like to give you some examples of difficulties which are being imposed. Grant 599 of the Office of Health expired. We have been notified of that refunding, but we have not received any moneys for the program since November 30, and our family planning staff has not been paid for more than 11 weeks. I am very proud to say that all but two of them are still on the job and working hard at it, so that we don't lose our client constituency, and lose our credibility to our target population.

Our national farm workers component out of the Department of Labor was approved for funding on November 10, 1972. For some unexplained reason the problem has been held up in Chicago since that date and the program is now not operating for lack of funds.

I would like to take as I have stated in my narrative about what I mean when I say "effectively serving the poor." As the man from Wild Rose indicated, HUMAS is a highly controversial program, and why we are out.

Mr. CONYERS. Was that Wild Rose, Wis.?

Mrs. DEWITT. Wild Rose. That is what he said. I am taking his word for it. That happens to be one of the areas where we filed suit last summer for poor housing conditions. That growers don't like it, and they are reacting.

That is the effect of serving the poor, I guess.

I would like to give you some facts about the composition of the staff at HUMAS, which is such as the other CAP agencies have indicated, 86 percent are former migrant farmworkers. Of 18 supervisory

positions, 15 are held by former farmworkers. The board of directors itself is composed of more than 50 percent former farmworkers. I am the token gringo.

Anyway, to me this makes a program valid when the target group are taking charge of their own problems and their own programs and solving them themselves with their own skill. That is validity.

So again, I would like to urge your immediate attention and action in this problem. This is the second hearing I have testified at. I have been very privileged to be able to give you my experience and so on, but I think the urgency is really upon me and the programs are going down the drain while the hearings are being held.

Mr. HAWKINS. Thank you, Mrs. DeWitt.

Mr. HAWKINS. Reverend Feay, we will hear from you next.

STATEMENT OF REV. JAMES FEAY, MENOMINEE MINISTRY OF THE UNITED METHODIST CHURCH, ACCOMPANIED BY HILARY WAUKAU, SR., COUNTY ADMINISTRATOR, MENOMINEE COUNTY, WIS.

Reverend FEAY. Congressman, you will have to forgive me—I made you a Senator in my written information here.

Mr. HAWKINS. I am glad you apologized.

[Laughter]

Reverend FEAY. I have with me Mr. Hilary Waukau, who is the county administrator. As I am representing the Indian community, I think it is very necessary that he be here and speak also.

I am Rev. James Feay, Menominee Ministry of the United Methodist Church. I have ministered among the Menominees for the last 5 years and I have the audacity, Congressman, to say that I bring to you the latest word from God. And I hope the Congress will hear it as such.

[Laughter]

Reverend FEAY. God was well pleased when the Congress of the United States decided to be concerned for the poor and inaugurated the poverty programs. I am sure that He did not expect everything to automatically fit in place, but that it was the beginning of a partnership with the poor. It would be the process of assisting them toward self-development. God knew that this would take commitment from both Government and the poor and that it would involve some suffering, some mistakes and some new beginnings. But God gave his blessing to the process and, with a gleam in his eye, He watched the progress being made. The poor took on new responsibility and set their sights on the goal of becoming self-sufficient. They invested themselves in the process and enrolled in the college of hard knocks; that was all they had to give was themselves. They didn't know what the failures would be, but they knew that God was with them in the struggle. They found that some of their own kind took advantage of some situations for self-gain, just like the white society has shown them people do. They had to make some of the difficult decisions to call to task their own leaders and even to replace some but they were determined that there was a future that was coming to meet them and that God was with them; even out ahead of them for encouragement.

They had no deadline, no timetable that they could guarantee the moment of success when success would prove the programs, but they were on the road committed to the struggle.

The programs had to be looked at for their own credibility. Some programs God shook his head at and questioned the stewardship involved, but he ordained the principle of caring for the poor and he condemned those who misused the power. He supports the need for programs to prove themselves or be changed or dropped from concern.

However, God is now angry when one of the partners can withdraw from the arena of struggle and sit smugly in their wealth and say, "You didn't play the game the way I said, so I will take my ball and go home."

[Applause.]

Reverend FEAY. The game is halfway over, but it is also half won; we are in sight of victory. People have become people in a new sense of the word. Vitality was coming to inner space and in people's lives, they were no longer the same. Now future shock is poured upon the poor as the bottom is pulled from beneath their hope. They had left their past and grasped a new future only to have the future being destroyed by the U.S. Government's cop-out on the struggle. The past, they left, was no longer the same; they don't fit back into the poverty in which they had lived. They can only stand in shock from what the future holds for them. God stands with the poor and He will be their strength as they protest the complacency with which the Government can so easily say, "We must close out your people programs to balance our budget, because we need more money for war". Well, it may not be war but it is a military budget. God will stand against the Government which no longer is a government for the people, the poor.

The beginning of the programs was an agreement to work together at a task. The task was to produce a salable product out of their own resources. They did not have the ability to do this themselves; they needed help. But once they were given this help, they would be able to continue on their own. So, the partnership—and once again I speak with some feelings for my Indian people and that is sort of a parable I'm going to share. The partnership decided lumber could be made out of standing timber, and with Government machines available to pull the logs, the Indian cut his trees and committed himself and his abilities to the task. They agonized as the trees were cut because the Great Spirit was in the trees. They sweated over the saw but held some reservations about the motivation of the other partner, as the Government machines began to pull the logs through the woods. The woods were long and not without stumps, swampy areas and hills, but the logs traveled slowly toward the possibility of becoming a product. Then out of the blue, without mutual partnership discussion or concern, the machines were disconnected and pulled away without even cleaning up the woods, let alone finishing the job. Left too long in the woods, the logs would rot and become worthless.

If the commitment of the partnership was not intended to reach the goal, then perhaps, it would have been better not even to have begun. An injustice has been done. An enemy has confused and harmed that which was of value: the tree, left standing, would have grown and increased in its own way and God would have created a future because the Great Spirit was in that tree. The Government encouraged the Indian to cut the tree and now, it seems, will shrug its shoulders and say, "Too late and too bad, do the best you can. We will not help you complete the task of self-determination to become self sustaining."

Within point, alcohol could become a norm because it makes life bearable. We have made great progress in the disease concept of what the chemical does; the community was also becoming aware. If the OEO programs are taken from us before we become self-sufficient, then I am afraid alcohol will become the norm once again. The poor are helpless to a great extent. Money is power when one tries to bring about constructive, practical change. Without money, all the poor have is the ability to protest, choose where to put their lives on the line and demand of their Government to look upon them with some dignity and see again the potential of what life could be.

Let look at this in another way. Two artists have been commissioned to paint a picture. No deadline is set for the finished work; one artist is a beginning student, one is a master painter. The master painter furnishes the paint and the brushes and the painting begins. Each artist sees the finished product in his own mind, the title of the picture is "future." As the picture progresses, there is some confusion, some mistakes are made, but the picture is so important that it is necessary to paint over the mistakes and make new beginnings. As the beginner works at his art, it improves—he begins to see his own mistakes and adds new color or begins in a new direction with a different emphasis. He is proud of what he has been able to accomplish with the aid of tools furnished by the master painter.

With out warning the master painter tells the student he can no longer furnish materials or his guidance. The student must struggle on alone. If he things the "Future" painting is worth finishing, the student must find ways of furnishing his own materials and developing the talent which has awakened within him. The student is frustrated, disappointed and disillusioned. This work of art on which he had spent so many hours—of which his master teacher had once been so interested and proud—was to be thrown away. The student is no longer content—a sense of accomplishment which had begun to take hold of him must be abandoned and he must go back to his former ways and forget about their mutual dream, "Future". The master artist can go on to other work he still has the money to buy new materials, to travel to new fields of endeavor. The student is expected to be content to live out his former life. He has been given a glimpse of what he could do to paint his "Future", but without materials and guidance he has no hope.

The master artist (Government) has within his power the ability to restore that hope to the student (the poor). Will he choose to restore that hope and continue the painting he has begun, or will he take away that hope.

Thank you, Congressman.

[Applause.]

Mr. HAWKINS. Do you want to introduce the gentleman with you?

Reverend FEAY. Mr. Hilary Waukau. We call him Sparky.

Mr. WAUKAU. Chairman Hawkins, I represent a group of people known as the Menominee Indian people. There were 3,280 of us people who lived in Wisconsin from the year 1500—that is the earliest known record of our people in that area. Now we have now by an act of Congress been terminated from control and supervision by the U.S. Government. We are a terminated Indian tribe and this termination created the newest and the smallest county and the only all Indian county

in the United States of America. It is Wisconsin's newest 72d county. Now in Menominee County we have a single sawmill that provides a livelihood for all of our people. At the present time the population is 267 people. Since the year 1952 as a member of the tribal council, as a delegate to Washington I have been on the county board, I have been on the Community Action Governing Board and now I have the privilege of being the Menominee County administrator.

Now all of the programs in existence in Menominee County have been justified before all of the appropriate agencies and boards. They have been sanctioned and approved by the Menominee County board. The programs have been working in our county and doing the job as intended. I have never heard many people say that they have, but in our situation they are. I am basing my analysis as living in the community, being on the governing body on the county board, serving persons from my family and acquaintances and friends working on the programs and also by analysis of daily contact with the program as county administrator. The programs have reached the poverty index persons as intended and they have not been too heavy on the administration. The program has provided the assistance to the communities as intended.

Now what does the curtailment of these programs mean besides the loss of jobs and income dollars? It has a terrific psychological impact on our people. We have just now in recent years through the OEO program, through CAP programs, administration programs and NYC programs gotten our people used to working for the dollar. Now imagine what will happen when all of these programs are cut off, there are no more dollars for our people, there are no jobs for our people, there is no place within a 100-mile radius even where our people can find jobs. This will mean that we will have some factories, as Reverend Feay mentioned, taken. In particular I just got word yesterday there was a cutback of NYC programs from the Chicago office that would cut off all the summer inschool training programs. This would in effect affect 175 enrollees for the summertime able to work 9 hours per week for 26 weeks. The only thing left would be the out-of-school workers.

Now this would increase juvenile delinquency because the children will have time on their hands, increased alcoholism, we would have an increase in the crime rate.

Now it might seem easy to some other counties to provide for ways to pick up this service. Menominee County being the poorest county in the State of Wisconsin is not in any position to pick up any funding on any of the programs mentioned. We have a question here on how do we pick up these people that are cut off on, somebody mentioned, April 31 or June 31. How do you provide food, heat, clothing? How do you care for these people? Bud, get wise, it is an impossibility.

Our 1973 budget for county operations was approved in December, and it is presently in operation. The only thing we would have would be a town relief program, and we still don't know exactly who is going to be affected by it.

Now, what this does mean is that our present unemployment rate of 28 percent with these 121 people affected by the cutbacks in these programs, our unemployment rate will be better than 40 percent.

Now what we do need is a continuance of these programs as mentioned before. We do need title I education. We need the Neighborhood Youth Corps. We need Operation Mainstream. We need the continuance of public housing. We just completed one unit of housing for 55 units for our people who are completing another one with 56. That is just scratching the surface. We need Head Start continuation.

In essence what I am saying, gentlemen, and Congressmen, and your colleagues there, that we need a continuation of these programs for the very economic being of the people of Menominee County. Just to quote a little bit, the great almighty spirit needs help from fine gentlemen like you at a time like this to look after all of his poor people.

Thank you, sir. [Applause.]

Mr. HAWKINS. Thank you very much.

Did I understand you to say that the unemployment rate at the present time is 28 percent?

Reverend FEAY. That is correct, sir.

Mr. HAWKINS. And you anticipate that if these programs are cut back that it will be at least 40 percent?

Reverend FEAY. Forty percent and higher, sir.

Mr. HAWKINS. I would think that in such a county that even welfare might be very remote.

Reverend FEAY. Well, welfare is remote because we have a limiting taxing ability, and because of the limiting taxing ability it is awful hard for us to expand our budgets.

Mr. HAWKINS. So in that instance absolutely no assistance would be available?

Reverend FEAY. That is correct, sir.

Mr. HAWKINS. Mr. Conyers, any questions?

Mr. CONYERS. I just want to comment, Mr. Chairman, that this is one of the most interesting subcommittees I have been privileged to sit on. I have not heard witnesses as interesting as Reverend Feay, who brings the latest word from such high places.

As soon as we take care of this business, I would recommend that he get before the Armed Services Committee and let's check out the Department of Defense. I am sure his authority will have a great deal of pertinent remarks to make about that.

There is the Triton, the C5-A, and, pardon the phrase, Lord knows what other projects that will require some heavenly investigation.

Then when he finishes there, perhaps he could get over to the Ways and Means Committee in the House, because we have taken several years to get around to tax reform that would affect the working and the poor people in this country and that would tax the corporations to the equitable extent that they ought to be.

Then while he was checking ou Ways and Means he could inquire as to why we have taken so long to get around to passing a comprehensive national health insurance program, which every other major western nation has had since 1947. Your testimony would be extremely helpful among those committees, just as a starter, Reverend.

Mr. HAWKINS. You left out the White House, I think. [Applause.]

Mr. CONYERS. See, we don't have any jurisdiction over the White House, Mr. Chairman.

Mr. HAWKINS. I thought God did though.

Mr. CONYERS. I don't know what his jurisdiction is, Your Honor. [Laughter.]

Maybe Reverend Feay knows.

Reverend FEAY. I think it is long overdue that we who say we are one Nation under God begin to let him back into some of the decision-making processes. [Applause.]

Mr. HAWKINS. Mr. Clay.

Mr. CLAY. I want to follow up on what Congressman Conyers last said about how important would it be for you to travel to Washington. I would like to see you make a presentation before one of the White House or Presidential prayer sessions, and perhaps our President would be exposed to something other than the distorted descriptions and revelations of Christianity now given to him now by Revs. Bill Graham and Norman Vincent Peale.

I am certainly grateful for the opportunity to hear your sermon today, and I think that even though I can't remember the exact language that you said in summary if I had to repeat it to my children this evening, I think what you were really saying to us is that we in this country ought to at least be putting as much value on the cross as we are on the flag. [Applause.]

That we ought to at least be reading as much the Bible as we do Executive orders, and other congressional pieces of legislation [Applause.]

I think what you were saying is that we ought to be looking to a hill other than Capitol Hill, and perhaps that hill is Calvary Hill. [Applause.]

I think that in a sense what you were saying was instead of us being so concerned, as some of us are, about emasculating programs like OEO, we ought to be interested in resurrecting new ideas and old concepts that would impart some theory or some justice to poor people.

I think that in a sense what you really said to this committee is that we are faced with a moral question here and if that question is whether poor people have a right to live in decency, they have a right to live and share the benefits of a society as prosperous as ours. I think that those of us who believe in God, and who believe in heaven and earth, would have to certainly agree with the passage from the Bible—I am not a student of the Bible as such—but I say if God made man in His image, and just a step lower than the angels, then the lowest of man is made in the image of God. I think it is a moral question here, and I think that those of us who believe in heaven and earth ought to take cognizance of, ought to be remindful of what Dante said when he said that the hottest places in hell are reserved for those who refuse to speak out in a time of moral crisis. [Applause.]

Mr. HAWKINS. You see what you have done to this member of the committee?

Reverend FEAY. Right on.

Mr. HAWKINS. Mrs. DeWitt.

Mrs. DEWITT. I just have one comment to make in addition to what I said. If you check out what is going to happen to minority programs you will be told that migrants will go to DOL and the Indian programs will be financed through HEW. I just want to emphasize the

point what is going on in the migrant programs is happening before the transfer, those funds are being cut off now.

Mr. HAWKINS. So that it is now, it is not in the future?

Mrs. DEWITT. Right.

Mr. HAWKINS. It is what has happened?

Mrs. DEWITT. Yes. They will never see DOL.

Mr. HAWKINS. I think it should be pointed out that if there is any implication that this committee is simply hearing things after the fact, I think that it must be reported that up until several weeks ago the Congress itself was not aware of what was happening, that what has happened has happened by the action of one single man in this country; that it was action that was precipitous. It was surreptitious. That it was never discussed with any of the leaders. This committee was only created newly at this session of the Congress, and has yet to be funded. We have not received the funding of this committee, so we are traveling somewhat on faith ourselves.

Reverend FEAR. You're in trouble.

Mr. HAWKINS. Probably have more faith that we are going to get funded than some of you, but nevertheless I say by way of explanation that we are doing what we can desperately do with the short notice that we have been given. We do not intend simply to conduct hearings, but to followthrough with recommendations to involve ourselves in legislation, to recommend legal action wherever it can be done, and to mobilize persons and to certainly provide some method of educating the Congress at least on what it should be doing. [Applause.]

So we hope that you recognize that we do work under certain handicaps, but we are doing everything that we feel is within our jurisdiction in discharging our moral responsibility.

Thank you very much. [Applause.]

We will next hear from Mayor Robert Blackwell of Highland Park, who apparently has quite a few constituents in the audience because I have been seeing these signs for 2 days, Mr. Mayor, and I have been rather impressed by them. They have decorated this audience, and we have heard from many persons, at least indirectly, who have brought us the problem.

I am going to give the Congressman from your area, Mr. Conyers, the honor of introducing you, Mr. Mayor.

Mr. CONYERS. Thank you, Mr. Chairman, and members of the committee.

We have heard already from one of the two mayors in the First Congressional District. I am very pleased that the mayor from Highland Park, Hon. Robert Blackwell, could find it possible in his busy schedule to join us here today and participate in these hearings. I welcome him on behalf of this entire subcommittee, and invite him to proceed in his own usually stylistic manner.

STATEMENT OF HON. ROBERT BLACKWELL, MAYOR, HIGHLAND PARK, MICH.

Mayor BLACKWELL. Thank you very much, Mr. Conyers.

Mr. Chairman, Congressman Clay, I am following a very tough act here I assure you. I don't have any prepared remarks to make, but

I did want to express my concern with the direction that our country is going. I am quite upset and I am quite alarmed at the seemingly powerless condition that Congress is in because I hear from the White House and from Mr. Ehrlichman in particular there are several pieces of legislation in the House that if the Congress is so disposed to pass the President is threatening to veto, and if you can override his veto he will then impound the funds and won't spend them. So we are faced with a very serious, I think, phase of our history in America whereupon one man has so much power, and the poor are the recipients of all of the pressures and oppression that are now coming to bear. I say this in all candor because I have been a part of that administration.

Now that part leaves me in great anxiety because of what I see the direction is to be, again as to what I see as the powerlessness of the Congress.

Mr. Chairman, and gentlemen, I am not too sure that your own constituents are not a silent partner to the dismantling of the OEO process. I have heard it in the Halls of Congress, and I have heard it in the halls of some of the mayors' offices that they are not really concerned about the demise of OEO, and so it disturbs me to realize that we who have started an OEO program in Wayne County through a mayors' consortium of eight communities in Wayne County now have some 62 employees who are working full-time to mantle a new anti-poverty program. At least 49 of those employees are paraprofessionals. We are also employing some 320 NYC employees. Last year we were very fortunate in having over 2,000 NYC jobs, of which this year I understand the potential is zero.

We would like to indicate to you that our local effort has been more than usual in the Wayne County area. Out of over \$684,000 grant, \$105,000 of that came from the county, and the local communities as a cash and in-kind grant.

I would just like to summarize, gentlemen, and say that I am concerned about the demise of OEO. I am concerned about the demise of most of the categorical programs. I am more concerned about the diminution of your power in Congress to enact legislation, to appropriate moneys, and to get those moneys spent.

They are calling the new federalism by different names. They call it revenue sharing, and special revenue sharing, and all that really means is taking the same amount of money and dividing it up among communities who don't have any need for it, and yet lowering the taxes for those who are in the higher income brackets, benefitting the people who need it least.

So I am here to plead with you to do everything you can, and offer all of my support to do everything we can to perhaps let's reconsider OEO and the other poverty programs, and see what we can do.

Thank you.

Mr. HAWKINS. Thank you, Mr. Mayor.

[Applause.]

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. Thank you, Mr. Chairman.

I am delighted to hear Mr. Blackwell join Mayor Gribbs in this apparently united effort.

Tell me, Mr. Mayor, did you raise this subject at the White House when you were in Washington last week?

Mayor BLACKWELL. Mr. Conyers, Mr. Gribbs was our spokesman and he did raise the issue, about the NYC jobs. Let me say that I didn't hear any strong concern about OEO, which disturbed me very much, among the other mayors. I think you have known that the program has been a bone of contention with most mayors. We did not find it so in Wayne County, at least our group didn't.

Mr. CONYERS. Well, let me raise the question then about this revenue sharing, because I cast a reluctant vote for revenue sharing on the basis of your encouragement last year. You are now taking a second look at this monster that has been issued from the White House and you have some reservations about it, I take it?

Mayor BLACKWELL. Well, no, Mr. Congressman. The reservations are about the special revenue sharing.

Mr. CONYERS. I see.

Mayor BLACKWELL. The general revenue sharing benefited everybody, but in the special revenue sharing where communities are to be held harmless there are many communities, such as Warren, who had no Federal projects, and I guess under the guidelines I presume they will not receive any special revenue sharing. That is where I am really concerned.

Mr. CONYERS. About Warren?

Mayor BLACKWELL. Well, no, about many communities similar to Warren.

Mr. CONYERS. What about Highland Park?

Mayor BLACKWELL. I think we are going to do all right under special revenue sharing.

Mr. CONYERS. Would you explain that to the committee, just for our benefit?

Mayor BLACKWELL. Well, under the guidelines as we understand them, under the community development block grants all communities are to be held harmless for all of their Federal funding that they have received over a 5-year average period. So we will receive the same amount of moneys that we have received under the special categorical grants, but will have more latitude as to how we spend those moneys.

Mr. CLAY. Would the gentleman yield?

What guidelines are you referring to?

Mayor BLACKWELL. We have not received any guidelines. Those are the proposals before the Congress.

Mr. CONYERS. There no proposals before Congress.

Mayor BLACKWELL. That is the message that the administration is passing out to all of the mayors.

Mr. CONYERS. If you are a confidant of the White House you are privy to this information. I mean we have not heard anything about it, and there is certainly no bill before the Congress.

Mayor BLACKWELL. Well, Mr. Chairman, I am sure that there probably aren't, but you have heard about it I am sure, because it is front page news in every newspaper every day about the community development programs, the special revenue sharing for manpower. Those provisions are already there. We have discussed those in Washington 2 weeks ago.

Mr. HAWKINS. Mr. Mayor, I think the point is that these are discussed in a very vague and general nature by the President.

Mayor BLACKWELL. Right.

Mr. HAWKINS. He has not indicated any specific guidelines. He has not submitted any legislation to Congress which eventually must pass on such proposals. So it just is not in existence, and even if it were in existence it does not cover the cutbacks that have already been made. Certainly here in Detroit the programs have already folded up, persons have lost their jobs. Even if we were to eventually get revenue sharing, which is very doubtful, there is no way to rescue the programs with the things that have already happened. So I think the indication by Mr. Conyers and by Mr. Clay that we are really discussing something which is a dream and not something which is real.

Mayor BLACKWELL. All right.

Mr. HAWKINS. And we ought to begin to discuss what is real.

As to the bone of contention, under the Economic Opportunity Act no Community Action Agency can exist if the mayor of a city says no. So, in effect, the program is already under the control of the city officials, and if they are not willing to protect their own programs then we may have a bleak future where we are trying to protect programs which some city officials have declined to support. I am not speaking of all of them. Mayor Gribbs certainly indicated yesterday his strong support, and others have done likewise, but I think the time has come when we have got to expect support from city officials if we are going to protect these programs. [Applause.]

Mayor BLACKWELL. I hope you didn't misinterpret my remarks. They were to the effect that I very strongly support OEO. In fact, I helped organize the OEO for Wayne County 2 years ago when it was terminated, so that was not my remarks. My remarks were that I was privy to conversations where many mayors are not supporting OEO to a large measure, and I think those facts are born out by many statistics.

Mr. HAWKINS. Would it not be true to say that they are not supporting it on the same basis that you indicated, that you felt that special revenue sharing would help Highland Park? I really thought that remark indicated that you had some specific assurance from somebody that in some way guidelines had been written and that special revenue sharing had already been practically passed by the Congress, that there was a bill which was pending that we could really address ourselves to that would help your community. I am not saying whether or not you and Highland Park would be in any way benefited because I really don't know. I am simply saying as far as we know there is no such revenue sharing proposal before the Congress, and until we have such a proposal before us I think that it is impossible for anyone to really discuss it intelligently.

Mayor BLACKWELL. Mr. Chairman, last year the Senate by an overwhelming majority passed the Community Block program. I think it died in the House toward the windup of the Congress. That particular program would be very beneficial to our community. That is the program I had reference to, so it had passed the Senate and had died in the Congress, and that is the Community Block program. Are you familiar with that?

Mr. HAWKINS. Yes, I am. But I don't think that would help save any of the poverty programs.

Mayor BLACKWELL. It would no on the OEO program.

Mr. HAWKINS. You mentioned general revenue sharing.

Mayor BLACKWELL. Right.

Mr. HAWKINS. But that money did not go to the poverty programs.

Mayor BLACKWELL. I agree with you it had no bearing on OEO.

Mr. HAWKINS. For sewers and community development, and so forth, and certainly well intended and needed. We are now concerned with the specific problem of what to do about human beings for a change, and what testimony that special revenue sharing is any panacea, even if it would be passed.

May I also report to you that there is no strong support in the Congress for special revenue sharing, so that the President is talking about something which is very doubtful of ever being created. I just feel that we should say that to you because if you were planning on that as a way of helping Highland Park, I am afraid that it is very, very remote. [Applause.]

Mr. CLAY. Mr. Mayor, you spoke of 2,000 youth last summer who had NYC positions, and you said the potential for this summer was zero. What do you think is going to happen to these 2,000 children this summer?

Mayor BLACKWELL. Well, there is some talk that the President was going to transfer some moneys from another source. I have very serious doubt, I don't know. There is some \$250 million to be transferred from some other programs. I am not aware of that, but that is what I was told. I am very skeptical about those jobs being funded this summer, and I am very upset about it.

Mr. CONYERS. Then what can we do in the interim? We have disposed of special revenue sharing. We are faced with a June 30 dismantling date. We are all now working on the same side, Mr. Mayor. You have access to the White House a little bit more than sometimes even your Member in Congress. Where do we go from here? What is your forecast?

Mayor BLACKWELL. Mr. Congressman, I think we are both in the same boat on the issue. The man in the White House listens to no one—not even God, I presume. I don't know where we are going. I am very concerned about it.

Mr. CONYERS. Let me offer some suggestions.

Mayor BLACKWELL. Sure.

Mr. CONYERS. Your Congressman has introduced a bill that would prevent the President from dismantling OEO. How about that for a start?

Mayor BLACKWELL. That is great if you can get it through the Congress. [Applause.]

Mr. CONYERS. Now you raised the question, can I? Can I get it through the House? Well let's start examining some of our colleagues in the Michigan delegation that might need some of your very fine gentle persuasion to help get it through the House, and I might start with the junior Senator from Michigan. I omit the senior Senator from Michigan because he has assured me that he will cosponsor my bill.

Mayor BLACKWELL. Well, he is my closest friend, by the way.

Mr. CONYERS. Which?

Mayor BLACKWELL. The senior.

Mr. CONYERS. Yes.

Mayor BLACKWELL. The junior Senator will be a little tougher, but I will try.

Mr. CONYERS. Well that is news to me, but nevertheless——

Mayor BLACKWELL. I don't know why it should be. I don't think you get along with all the Democrats, do you?

Mr. CONYERS. No, not by a long shot.

Mayor BLACKWELL. Fine.

Mr. CONYERS. But I was under the impression, Mr. Mayor, and of course we are being somewhat facetious—I was under the impression that the junior Senator enjoyed your support and confidence and your counsel.

Mayor BLACKWELL. No. He enjoys my support, but not any confidence and my counsel.

Mr. CONYERS. Then I think you ought to reexamine your relationship with the junior Senator from Michigan because if he enjoys your support and not your counsel then we are going back to preslavery days. I mean that is all over with. A black elected official that is giving support and having counsel rejected is in bad shape.

Mayor BLACKWELL. Mr. Congressman, I don't think you should fool the people out here with your rhetoric about politics because it does not work that way. You don't have all the confidence of all the Senators, Democrats or Republicans, and don't you think for 1 minute that any black politician does, because they don't.

Mr. CONYERS. If I did, I would be the Speaker of the House of Representatives.

On a different note, Mr. Mayor, and I didn't mean to raise your ire, and I didn't mean to engage in meaningless rhetoric, I am trying to be quite serious about it.

Mayor BLACKWELL. Well, do the best you can, Congressman.

Mr. CONYERS. All right. I will try harder.

Now that the mayor of Highland Park has joined with the Congressman in the 1st district, and the other Members in Congress who support a continuation of the OEO, can you offer us any assistance in the direction of winning additional support for saving OEO?

Mayor BLACKWELL. I will write to each of the Republican Members of Congress and to the Republican Senator, asking them to support you in this endeavor. I will do this immediately.

Mr. CONYERS. I am very pleased to hear that. I thank you very much. I think that is a very important beginning.

Mayor BLACKWELL. I will send a copy to the Congressman's office if you are in doubt.

Mr. CONYERS. I am sorry. Time precludes us, but let me just raise one final question, Mr. Mayor.

You said you are not sure that some of our constituents are not a silent partner in the demise of OEO. Could you elaborate on that?

Mayor BLACKWELL. Well, Congressman, I only indicated to you that in my meetings in Washington and different places, and certainly in the halls of the various places and various hotels there is many a mayor expressed his unconcern about the demise of OEO.

Mr. CONYERS. But not in the 1st district.

Mayor BLACKWELL. No.

Mr. CONYERS. And not in Highland Park.

Mayor BLACKWELL. No.

Mr. CONYERS. All right. Thank you very much.

Mayor BLACKWELL. You are welcome.

Mr. HAWKINS. Mr. Mayor, may I express the appreciation of the committee for your appearing before the committee this afternoon.

Mayor BLACKWELL. Thank you.

Mr. HAWKINS. Thank you very much.

The next witness is Mr. Ted Berry, Mayor of Cincinnati.

Mr. Ted Berry.

Mr. Berry, as a friend, and one who has worked with you in Federal service, I certainly want to welcome you before the committee. We waited a long time to get you before the committee. We do have a time limitation of which I am sure you are aware, but because of the distance which you have traveled, and because we know that you have a very valuable experience to share with us, the committee is very pleased to have you before it. We hope that we have not inconvenienced you too much, but certainly we welcome you before the committee and look forward to your presentation.

I also wish to commend you on the elevation that you have experienced since we last saw you.

STATEMENT OF THEODORE M. BERRY, MAYOR OF CINCINNATI, OHIO

Mayor BERRY. Well, I don't know whether it is an elevation or a plateau of confusion and frustration.

Mr. Hawkins, Mr. Clay, Mr. Conyers, I am pleased to have this opportunity to appear before the subcommittee to comment on the serious implications attendant—

Mr. HAWKINS. Mr. Mayor, I think you will have to speak closer to the microphone. Our audience in the rear of the auditorium cannot hear you.

Mayor BERRY. I apologize. I have a cold and there is a considerable amount of croak in my voice, but usually it carries very well.

For you, as members of the Subcommittee on Equal Opportunities, and for me, as the former Director of Community Action programs for OEO, the dismantling of OEO raises a number of significant questions about the Nixon administration's commitment toward the elimination of poverty within America.

For those of us involved in the operation and organization of local government, the decision by the Nixon administration to dismantle OEO has intensified confusion about the purposes and designs of revenue sharing. At the same time, for those serviced by and involved in the human resource programs administered by OEO, the level of frustration caused by threats to present and future programs heightens daily. Confusion and frustration, however, do not provide the basis for an analysis of the elimination of OEO and the reorganization of its program activity. For this we must look at the actual program changes within OEO and reach an understanding of the administration's position.

Briefly, OEO as an agency responsible for the planning and delivery of human resource programs will be eliminated within America.

I will comment on the implications of that shortly.

Similarly, the Community Action agencies—those agencies on the local level in urban and rural communities which have essentially administered, facilitated, and mobilized this planning and delivery of services—also will be eliminated. What will remain will be some OEO initiated programs—with the difference being that these programs will be administered and funded by other Government agencies. Specifically, research, development and evaluation will be spread through various agencies: health and nutrition will be administered by the Department of Health, Education, and Welfare; community economic development will be a part of the Office of Minority Business Enterprise; migrants and seasonal farmworkers programs will be run by the Department of Labor; and legal services, the most important facet of the OEO thrust, will be put under a yet undetermined legal services corporation.

Now on the surface one could say that this reorganization is both reasonable and manageable since the principal service programs of OEO will be maintained so it is said. Yet the elimination of section 221 of the Economic Opportunity Act—namely the core of Community Action activity—makes the reasonableness and manageability of the reorganization extremely questionable. By eliminating local community action operations, the administration proposes to shut off the process of citizen participation which has given the community institutions and the poor particularly social, political, and economic mobility and provided them with a vehicle of communication with local governments which had not existed before OEO. The principal thrust of OEO—namely the mobilization of local and Federal resources and the activity of citizen participation to combat poverty virtually has been buried with the return to the pre-1964 traditional service agency approach.

As a process of citizen participation and mobilization of local resources, Community Action has been a tremendous success. This is supported in reports from the 100-city CAP evaluation, June 1970, 6 months after I left OEO. More importantly, the Utilization Test Survey data which was prepared by the Office of Operations as of January of this year was not released until after the President's message, because it embodies evidence which refutes the assumptions made for the demise of Community Action.

These two reports thoroughly support this conclusion, and I have a copy here.

In the 1970 CAP evaluation, extensive models were developed by OEO for the analysis of local CAP operations. Specifically, the analysis was concerned with the influence of CAA's "in inducing other institutions to become more responsive to the needs of the poor." With institutional change based upon the activities of employment, schools, and social service agencies, it was found that the organization and mobilization of the poor—as found in the neighborhood center—provided a greater institutional change than the provision of services for the poor. In the utilization test, which was completed in January of this year, both the mobilization of local funding resources and the activity community action agencies were enthusiastically supported. This study found that 591 Community Action Agencies had been successful in their efforts to "mobilize or stimulate better use of other resources—both public and private" and had generated over 1.3 billion

non-OEO dollars, of which \$750 million was non-Federal money, provided by various agencies and various resources at local community levels. I would like to quote from that report particularly in the light of the President's announcement that Community Action Agencies must go.

On the last page of that report, and the title of it for reference, and perhaps Members of Congress have it, but I think your committee should have it—

Mr. HAWKINS. Mr. Berry, it has been entered in the record during the hearings.

Mayor BERRY. I would like to quote these two paragraphs.

The total emerging picture of Community Action clearly shows that CA's are rapidly becoming very positive forces in their communities that can play significant roles in helping communities rise to the challenges of revenue sharing and other forms of Government decentralization.

While we must continue to refine and verify this data, the Federal Government should also be thinking seriously about the immediate and long-range benefits to be derived from continuing to strengthen CAA as well as local government capabilities for effective problem solving at the community level.

That is precisely what the Community Action Agencies have moved toward and I think have effectively formed the groundwork for decisionmaking, planning, coordination of programs that are contemplated to be put in the hands of local Government under special revenue sharing.

The results of community action activity is clear and positive. Institutional change vis-a-vis citizen representation in monitoring and evaluation, program planning and development, board representation, and program operations has been substantiated. The new institutions, innovative programs, and new processes of community action programs have been positively administered through decentralization, citizen participation, and neighborhood centers. The process of the poor participating in program planning, decisionmaking, and employment opportunities has been supported by State, county, and local governments, medical and educational institutions, civic and service agencies, business and industry, and legal, labor and church organizations.

Specifically in Cincinnati the Community Action Commission's nine neighborhood centers have experienced substantial citizen participation and have serviced thousands of people. In 1972 alone these centers reached 20,000 people through counseling, employment, housing, health, and child care programs. Institutional change and resource mobilization between 1967 and 1973 has been significant. Participation of the poor in Community Chest program planning, elimination of residency requirements by the county welfare department, representation of the poor on the board of health, allocation of money from the Archdiocese to low income groups, and the funding of programs by the board of education and the recreation commission which were originally funded by OEO are just a few examples of resource mobilization and institutional change in Cincinnati.

For Cincinnati the elimination of the Community Action Agencies means the loss of \$1,278,000 in OEO section 221 local initiative funds and the elimination of 165 positions; 144 of these jobs are in neighborhood centers serving directly the people in the community. It will destroy by denying administrative funds and agencies which have

earned recognition as both responsible and capable by the Department of Labor for the conduct of manpower training programs; particularly in the CEP program by HEW for administering child development programs, and elderly programs.

Now the Nixon administration proposes to dismantle the local framework that has made the local organization of people and the mobilization of resource possible. It would unilaterally intend to end its partnership with local government, service agencies and the poor by summarily cutting off funds.

I want to parenthetically interpose the OEO was the first step in the Federal revenue sharing, it was in fact a statement and policy of the Federal Government affirmed by Congress that if a local community would create a mechanism, an entity that was broadly representative of Government institutions and the people to be served, and design a program which could be funded with Federal funds, it would be funded.

A dichotomy developed in the program development in which Congress unwittingly, I still say, took the step of earmarking funds and putting a ceiling on the total amount, and gradually local initiative funds were reduced to a level which only a portion of the programs the community locally determined could be funded while the community was also funding categorical programs such as Head Start, Upward Bound, Foster Grandparents, and a number of other categorical programs.

In 1972 the local initiative pot was \$315 million. In 1973, the current year, that was reduced by \$66 million to approximately \$215 million.

Mr. CONYERS. That is nationally.

Mayor BERRY. Nationally, but I will particularize as to its impact in the region in which you are holding this hearing.

Now the President has said that if a community wants to continue Community Action it may do so out of its general revenue funds. I say that is a contradiction of the commitment that the President made both to Congress and to the mayors of this country, that general revenue sharing, the money made available would not impinge upon current levels of categorical funding. In this region alone the local initiative funds amount to \$53,611,000, and in Detroit, \$7,244,000. Can you imagine the city of Detroit being able to pick up of its general revenue funds the operation of the variety of locally initiated designed and functioning programs?

In Ohio, Columbus has \$1 million, Cleveland \$1.9 million, Cincinnati at a \$1.2 million, or a total in Ohio alone of \$13 million. I could go on. This information is available to you.

What I am saying to you, gentlemen of the committee, two-thirds of the 900 Community Action Agencies are in urban communities where the problems are, and a number of programs have been funded out of the local initiative funds of which the Federal Government leaves it to local discretion as to the commitment it will make.

The impact of this abrupt, and I believe cynical, termination of local programs will be disruptive, and a source of undetermined reactions at urban communities across the Nation.

It is difficult for me to conceive, or believe, that the Congress which has participated with great deliberation over the entire life for the formulation of the legislation supporting the Office of Economic Op-

portunity in which it described and defined the legislative guidelines which would guide the agency in implementing it, that they would now inadvertently participate in what I regard as irresponsible reversal of public policy, and create a source of potential civil disorder by such an abrupt termination of program support. It is not orderly. It is no way to run a railroad. It lacks any sense of responsibility to local communities.

I would strongly urge the Congress to act before June 30 with all deliberate speed to reenact and to appropriate adequate transitional funds for the support of local initiative community action programs, and for the administration of the Community Action Agencies, which local governments have and continue to recognize as viable and responsible administrative agencies in their communities.

Last Thursday I was in Columbus to meet with Government officials. I asked the representative of HEW, "How many would you fund for the various programs that are being funded to the Community Action Agencies when the demise of the Community Action Agencies is accomplished by stifling it for lack of funds?"

"Oh," they said, "We will find responsible agencies to fund these programs so that they will not be interrupted." If that is the way to run a railroad, administratively when the hallmark, the challenge, the mission of OEO was to coordinate—and this is one of the objectives very difficult to obtain, but Congress certainly indicated it, desired it, and we earnestly sought to achieve it, and with a substantial performance on the part of Community Action Agencies they have achieved it and are achieving it by the utilization reports' own admission with substantial success.

I urge you gentlemen, while you represent a minority of the Congress, I hope you will be advocates of the continuation of Community Action Agencies, at least until the promissory note of special revenue sharing is able to be paid, because special revenue sharing is still a legislative promise. Not one piece of that legislation has been enacted and every one of the urban communities throughout this Nation are called upon to address themselves, to adjust themselves to a budgetary game plan to achieve \$350 million of reduction in appropriations at the expense of the poor.

Have we come to the point in history in which we are going to repeat what was said prior to the French Revolution, "let them eat cake," as a substitute for millions of dollars of service programs that have gone to serve the poor under administrative agencies created at the community level responsible to authorities and accountable both to the Congress and to the local community. I urge you to vigorously advocate enabling legislation that will preserve the 221 funded programs until the special revenue sharing is clearly defined and the formula has been established which will assure that there would be no diminution in the type and quality of the program serving the poor in the urban communities of our Nation.

Thank you very much. [Applause.]

Mr. HAWKINS. Thank you, Mayor Berry, for a very articulate and thoughtful statement. I am sure that if we really had the time there are many things we would like to explore with you. However, I hope that we will have the opportunity of using your wise counsel and having you involved in the formulation of legislation that will

address itself to some of these problems and assist this committee in some of its deliberations as we continue these hearings and as we get into the legislative process.

Now you closed with one thought that I would like to ask a question on, and that refers to special revenue sharing. You suggested that until we do have a specific proposal before us and have an opportunity to look at it that obviously it is very difficult to pass judgment. However, assuming that such a proposal did not contain the essential elements of Community Action—that is, the coordination of programs, the mobilization of resources, the participation of the poor in decisions and so forth—do you think that a special revenue-sharing proposal could possibly reach the core of the problem of removing the incidence of poverty?

MAYOR BERRY. Yes, to a degree. It depends upon the level of commitments the Congress feels that it can make in concert with the Chief Executive in having legislation and appropriations made that will be honored and not impounded.

Now Model Cities is proposed to be put in the bag of special revenue sharing with urban renewal and other housing legislation, public facilities, and a number of others. But the proposed level of appropriations is not consonant with the funds that heretofore have been available, and most every city is baffled by how it will order the priorities in it and the emphasis that might be available in that bag of special revenue sharing.

Whether or not you would put Community Action in that bag along with Model Cities because there are certain comparable programs that are being funded in Model Cities programs, and leave it to the local community the availability of those funds, the option of either merging their Model Cities, or expanding their Model Cities to coincide with the various target areas of poverty in that community, which Model Cities sharply delimited by saying that you had to take certain target areas with incidence of poverty as it might occur at that time leaving a number of others. In Cincinnati we have 13 areas, but only three were permitted to be funded by Model Cities, leaving the rest of them to be serviced by the Community Action Agency.

There is justifiable reason for taking a hard look at how these two programs might very well be merged, consolidated, and brought into an orderly compatible relationship to each other, but you cannot do it by looping off from one of them a substantial amount of money and then saying to Model Cities, you have got to operate at a level for 18 months that you have been funded for for 12 months. It is just a shell game.

MR. HAWKINS. That, of course, still would not solve the problem of impoundment that you mention.

Now with respect to the Office of Economic Opportunity, you have made reference to local initiative funds as opposed to categorical funds, and you have indicated that the Congress has unwittingly earmarked a substantial amount of the money. A little over a year ago, through the passage of an amendment, which I personally offered, local initiative funds were protected by being earmarked at a certain level.

MAYOR BERRY. Yes.

Mr. HAWKINS. I don't recall the exact amount. It was in the neighborhood of \$350 million.

Mayor BERRY. Yes.

Mr. HAWKINS. There was a specific earmarking of local initiative funds which obviously is in the concept of the President's statements about unfreezing the money and giving local decisions the opportunity to operate. But the President proceeded not to allow that earmarked money to be spent. Even if we had, let us assume, special revenue sharing in any amount which would be handled the same as the local initiative funds on the Economic Opportunity Act we could still, it seems to me, have the problem of the President not spending the money that actually had been voted by Congress.

Would you care to comment on that problem?

Mayor BERRY. Yes. Congressman, if I understand you correctly, in last year's appropriation you did appropriate the sum of \$285 million for fiscal year 1973.

Mr. HAWKINS. We have a little difference on the amount, but it is in that neighborhood.

Mayor BERRY. Yes. Now the Community Action agencies were funded substantially for that amount, but as of the first of the year the executive branch put all of the Community Action agencies on a month-to-month funding level and carried them through this fiscal year to the end of this fiscal year June 30, and he proposes nothing. I don't know whether Congress made a 2-year appropriation or not.

Mr. HAWKINS. That is 1 year.

Mayor BERRY. One year only and, therefore, the issue before Congress is, No. 1, whether or not in some modified form it reenacts the continuation of section 221, recognizing that the President has said those programs that were specially earmarked and in 222 Head Start, Upward Bound, and a number of programs that were spun off when I was a Director to HEW and the Department of Labor, he says he is going to continue those but all of the local initiative programs are going to be summarily cut off.

What I am saying is that Congress, I think, in keeping faith with the communities that put into operation these programs, provide some transitional funds to enable communities to exercise the option without the duress of saying, "Well, you can't have it any more. We are just going to cut it off," but give the local communities an option on some quantifiable basis for continuing programs that are viable and are meeting the needs.

Now this is not to say, and I am not going to sit here and presume to validate every program operating in every community. I am committed to the importance of the program effectiveness and the evaluation of effectiveness programs, but you can't put them all in one bag and say,

Well, all of them ought to go because we think we want to change the whole philosophy of how we approach this problem of addressing poverty.

Mr. HAWKINS. I am not sure, Mr. Berry, that this possibility does exist, and the money which we have already authorized and appropriated under local initiative funds which would be available to local officials to use as they see fit through their CAP agencies, has been impounded by the President. So this money which would be available

to you and to other mayors to spend as you see fit through Community Action agencies is not now being used because the President has taken away from you the right to make decisions about the use of this local initiative money.

Mayor BERRY. I will not dispute your facts, Mr. Chairman. I think if that is true, if there are appropriated funds for OEO which have been impounded, this fact should be documented and made crystal clear both to the mayors of the cities and to the people served by it. It is my impression, and I may be in error, that none of the OEO moneys appropriated for it have been impounded, and if that is a fact, it is not——

Mr. HAWKINS. I would like to continue this with you, but I don't want to prolong it.

Mayor BERRY. If that is a fact, it ought to be made crystal clear. If the President has impounded moneys of service to the poor the blood should be on his head. [Applause.] But I think it is a factual question, and I am anxious to be clarified myself.

Mr. HAWKINS. I do want to give the other members some opportunity to ask questions. Thank you very much.

Thank you very much, Mr. Berry. Your testimony has been very helpful.

[Applause.]

Mayor BERRY. If I may, Mr. Chairman, to the extent that it is possible I will be glad to be of service to the committee, but I can tell you that a mayor has a lot of problems at home.

Mr. HAWKINS. We would like to help you with them, too.

The material that you refer to Mr. Berry, regarding certain fund allocations in this region, if you would leave that with the committee we would like to have that also entered in the record.

Mayor BERRY. Yes, I will. I will make a copy available.

[The document referred to follows:]

OEO REGION V FUNDING INFORMATION

The following pages contain funding information on Regionally-funded grantees. Grantee names, addresses, grant numbers and areas served are followed by a listing of planned fundings for Fiscal 1973. The figures provided are annualized levels established prior to the release of the 1974 budget. They indicate the level of OEO programmatic activity in the respective areas and are intended solely to indicate the level of current activity. These figures are currently being modified consistent with the Administration's policy of phasing out OEO-supported activities in order to effect an orderly termination of OEO grants.

Fourteen large city grantees are in the Metro group. Their fundings are not listed on the pages showing grants by State but are on a separate page.

EXPLANATION OF COLUMN HEADINGS

OLI—Other Local Initiative: Grants made under Section 221 of the Economic Opportunity Act to support locally determined programmatic activities and community action agency administration.

Family Planning—Family Planning grants to community action agencies for family planning and related health services.

SOS—Senior Opportunities and Services: Grants to community action agencies to support programs for the elderly poor.

EFM—Emergency Food and Medical Services: Grants to provide emergency feeding and medical assistance.

T & TA—Training and Assistance: Grants to provide for direct or contractor assistance for community action agencies in accomplishing the purposes of the Economic Opportunity Act.

SEOO—State Economic Opportunity Office: In each State (except Indiana) there is an SEOO affiliated with the governor's office. These five agencies provide assistance to OEO grantees in their State, operate certain state-wide programs, and serve as liaison to the State.

OVERVIEW OF REGION V FUNDING PLANNED FOR FISCAL YEAR 1973

[In thousands of dollars]

Grantee	OLI	Family planning	SOS	EFM+	T. & T.A.	SEOO	Total
Illinois.....	3,694.0	69.0	57.5	238.6	105.0	360	4,524.1
Chicago.....	12,449.0	-----	100.0	100.0	-----	-----	12,649.0
Cook County.....	779.0	-----	-----	150.0	40.0	-----	969.0
Total.....	16,922.0	69.0	157.5	488.6	145.0	360	18,142.1
Indiana.....	2,393.8	186.7	120.0	123.5	102.0	-----	2,926.0
Gary.....	713.0	-----	40.0	-----	-----	-----	753.0
Indianapolis.....	572.0	-----	-----	-----	-----	-----	587.0
Total.....	3,678.8	186.7	160.0	123.5	117.0	-----	4,266.0
Michigan.....	5,009.7	109.1	221.0	247.0	127.4	349	6,063.2
Detroit.....	7,244.0	-----	-----	200.0	45.0	-----	7,489.0
Wayne County.....	482.0	79.1	-----	-----	10.0	-----	471.1
Total.....	12,735.7	188.2	221.0	447.0	182.4	349	14,123.3
Minnesota.....	2,491.0	57.0	-----	121.0	115.1	327	3,111.1
St. Paul.....	685.0	47.5	26.0	50.0	15.0	-----	823.5
Minneapolis.....	614.0	-----	-----	-----	-----	-----	641.0
Total.....	3,817.0	104.5	26.0	171.0	130.1	327	4,575.6
Ohio.....	7,526.8	230.2	142.0	523.0	153.1	486	9,061.1
Toledo.....	714.0	-----	74.0	-----	12.0	-----	800.0
Columbus.....	1,006.0	-----	41.0	-----	13.0	-----	1,060.0
Cleveland.....	1,906.0	-----	42.0	-----	30.0	-----	1,978.0
Cincinnati.....	1,286.0	-----	-----	-----	15.0	-----	1,301.0
Dayton.....	600.0	-----	-----	-----	10.0	-----	610.0
Total.....	13,038.8	230.2	200.0	523.0	233.1	486	14,810.1
Wisconsin.....	2,058.6	207.9	115.0	100.0	116.0	134	2,731.5
Milwaukee.....	1,361.0	-----	184.0	76.7	55.0	-----	1,676.7
Total.....	3,419.6	207.9	299.0	176.7	171.0	134	4,408.2
Region.....	53,611.9	986.5	1,162.5	1,929.8	978.6	1,656	60,325.3
Non-Metro.....	23,173.9	859.9	655.5	1,353.1	718.6	1,656	28,417.0
Metro.....	30,438.0	126.6	507.0	576.7	260.0	-----	31,908.3

Mr. HAWKINS. Mr. Tom Johns, executive director, Community Action.

I understand, Mr. Johns, that we have run out of time, but we did want to give you an opportunity to make a statement with respect to including in the record additional testimony from those in your group who unfortunately were not heard from. I think Mr. Diaz was not called upon, Mrs. Johnson, and there may be several others.

STATEMENT OF TOM JOHNS, EXECUTIVE DIRECTOR, COMMUNITY TRAINING AND DEVELOPMENT, COMMUNITY ACTION AGENCY

Mr. JOHNS. Mr. Chairman, members from Wisconsin who have come on their own time and at great expense are certainly interested in participating in the hearings. We realize that there are schedules and planes to catch and so forth. I would like the privilege of submitting written reports after today, even in the mail if necessary.

Mr. HAWKINS. We will keep the record open for that opportunity.

Mr. JOHNS. So that it can be a part of the record. And the group from Wisconsin, be assured that that is true.

Mr. HAWKINS. Fine.

Mr. JOHNS. Because so much has already been said relative to the way in which the OEO problem is faced by we who are involved in the war on poverty, because of the pertinent facts being generated by so many who have testified before this committee prior to this moment, I feel it not necessary to add as a matter of rhetoric to the burden of the day, but rather would submit my report also in a written form.

There are two things, however, that I do wish to say and they are very brief.

Mr. HAWKINS. I am afraid the time is not going to permit it, Mr. JOHNS. Two cars are waiting for us to try to get us to the airport. We were supposed to have gone 15 minutes ago.

Mr. JOHNS. Well, one of them is a compliment to your—

Mr. HAWKINS. Briefly at this point, otherwise we are going to miss our plane.

Mr. JOHNS. I didn't want this committee hearing to proceed and continue and be discontinued at this point without saying a very good thank you to each of the members of the committee, and also a word of choice kind of compliment to Mr. Beckham from your staff for the wonderful way in which he tolerated us in getting our folks together to come to Detroit, and I do want that part of the record.

Mr. HAWKINS. I want to compliment you on the manner in which you brought your witnesses here and the high quality of testimony which we received from them. I think that is excellent, and we certainly wish to commend you.

Mr. JOHNS. We are also available in the future.

Mr. HAWKINS. Thank you.

Two additional documents, one from Sally Brown, Executive Director of the Child Care Coordinating Council, and one from Mrs. Ruth Hughes, Executive Board Chairwoman of the Coordinating Council on Human Relations of the city of Detroit will be without objection entered in the record at this point.

[The document referred to follows:]

STATEMENT OF SALLY BROWN, EXECUTIVE DIRECTOR, CHILD CARE COORDINATING COUNCIL OF WAYNE COUNTY, INC., DETROIT, MICH.

WHAT WILL PROPOSED FEDERAL CUTS IN CHILD CARE MEAN TO THIS COMMUNITY?

In Wayne, Oakland and Macomb counties 132,000 children under the age of six have mothers who work full time. The combined capacity of 194 day care centers and 1005 licensed family day care homes is 11,563 children. According to Dr. Edward Zigler, former head of the Office of Child Development in the Department of Health, Education and Welfare, there are three-quarters of a million young children in the USA being cared for by siblings under 16 years of age. We know that many of the approximately 120,000 children in the Tri-County area who are not in any of the licensed care facilities are in situations of hazardous care.

Therefore, we need to expand the availability and quality of child care facilities, rather than to curtail them.

The proposed federal regulations for spending Title IV-A funds of the Social Security Act will effectively cut off child care for the "working poor"—those now able to maintain independence because child care is available for their children.

The new regulations would rule that any family whose income exceeds by one-third what its public assistance grant would be must assume full cost of child care. For a family of four, this income limit is about \$3850. There is no way a family earning less than \$4000 a year can pay the \$800 to \$1500 a year that minimal day care costs. Hence, the effect of these regulations would be to force mothers to give up jobs, seek public assistance so that they can care for their children, or, alternatively, to leave preschool children in precarious and dangerous situations. An estimated 1785 children in Michigan would be affected by this ruling.

A second new regulation forbids help with child care except to enable a parent to work or take work-related training (still within income restrictions of maximum \$3850 for family of four). All children now in day care because of the mother's ill health or for his own healthy development would be affected by this ruling. In Wayne County alone this would affect 677 children. For many of these children the only recourse would be placement out of his home in foster care of an institution. For others, it would mean denial of the opportunity for growth toward independent maturity.

A third ruling forbids child care to families on a "group eligibility" basis, as in migrant workers' families or low-income urban areas. Each case would be investigated individually, at a cost, as in the case of the migrant day care program, of more for additional welfare staff than the day care budget itself.

A fourth ruling forbids funding of a community planning and coordinating agencies which cut across agency lines and involve a large segment of the parent population in planning and coordination for child care.

A fifth ruling forbids the use of money by voluntary agencies like the United Fund or foundations to make the local contribution for child care programs; only allocated tax dollars would be acceptable. This would destroy many programs and eliminate the possibility of developing new ways to meet child care needs through local initiative.

STATEMENT OF RUTH HUGHES, EXECUTIVE BOARD CHAIRWOMAN, COORDINATING COUNCIL OF HUMAN RELATIONS, CITY OF DETROIT

The Coordinating Council on Human Relations, a coalition of more than 70 civic, religious, labor, educational, and social agencies in the Metropolitan Detroit area, has as its goal the elimination of racism, prejudice and discrimination.

The CCHR is deeply concerned and deplores the dismantling of OEO by President Nixon's determination to make no further funds available after June 30. This cut off of funds discriminates against the poor, the sick, the disadvantaged, and those who live in our inner city. There may be need for reform and greater efficiency but in no way should this need justify the shut-down of a wide variety of community action programs with a successful record of operation. The backlog of unmet human needs are so extensive that we cannot afford a suspension of these programs while awaiting new proposals or questionable increased revenue sharing. Special revenue sharing programs will not take effect until July, 1974 if they are passed, so there is nothing to take the place of present programs for up to 18 months.

It appears the administration wants to save money by cutting funds and abolishing programs before revenue sharing takes place next year. The President may be saving money for the federal government but he is shifting the burden of paying for government services from the federal government, supported by a progressive tax structure, to the city or state budget, supported by a regressive tax structure weighing most heavily on the poor. The President has cut out all the first year gains from revenue sharing by the elimination of OEO.

Mr. Nixon asserts that his prime goal is to get the federal government off our back and out of your pocket. He wants to pull the government out of the business of providing so many direct services to the people and turn that job back to state and local governments and the free enterprise system. The Great Society programs were created because local and state governments failed to respond, even as the programs of the 1930s were established with the recognition that poverty is a national problem and that the federal government has the responsibility to provide programs for people in need.

The White House also proposes to transfer some of the OEO programs to various offices within the Department of Health, Education and Welfare. This action returns the treatment of poverty and its root causes to agencies that worked on

them without coordination or success prior to OEO! It seems we have one full circle. With the categorical cuts, the inner city will get poorer.

City officials have estimated that Detroit will lose \$6.1 million as a result of Nixon's proposed cut-off of the antipoverty funds administered under the community action program of OEO. The City of Detroit currently has an \$8 million deficit, which is expected to reach \$25 to \$30 million, and cannot possibly pick up this tab for MCHRD activities such as medical and dental clinics, alcohol and narcotics treatment centers, community action programs, and neighborhood youth corps.

Prior to MCHRD, medical care in Detroit for the poor was deplorable with Detroit General Hospital being the only place that provided care. Patients waited for hours and sometimes all day, before being seen. Public transportation was and still is inadequate. The three clinics provided by MCHRD have enabled residents to seek medical care in their own areas. At the present, these three clinics serve about 30,000 people who makes 50,000 visits a year. The total population served is about 100,000 people. Closing of the clinics would mean that 100,000 people would be left without medical care. It could also mean a rise of the incidence of tuberculosis, rheumatic fever, venereal disease and measles—all of which were detected and treated by the clinics. Now it appears that these clinics will close and the poor will once again be faced with inconvenient, inadequate care. There will be a tremendous gap which cannot be filled by private medicine.

If the Office of Economic Opportunity is dismantled, there will be huge gaps in every human service program which now give the poor hope for a better life. We urge the Congress to continue funding for these programs. Cut-backs should only be made after all affected citizens have the opportunity to speak and only after the Congress determines what programs have not worked and why.

We must not allow the poor of this country to be further deprived by the wholesale slashing of programs. Unemployment, poverty, disease, and discrimination will not disappear unless all levels of government, particularly the federal, act creatively and responsibly to provide a decent life for every American citizen.

Mr. HAWKINS. Also various other documents will be placed in the record.

[The documents referred to follow:]

STATEMENT OF MRS. SHIRLEY CHARBONNEAU, DIRECTOR, MICHIGAN FARM WORKER MINISTRY

I am Mrs. Shirley Charbonneau, Director of the Michigan Farm Worker Ministry, which is a program unit of the Michigan Council of Churches. Our address is P.O. Box 206, Lansing, Michigan, 48901. Our program serves farm workers in all parts of the State of Michigan, working through local committees of concerned citizens in cooperation with local, State, and Federal agencies.

Today we are concerned about the cuts in federal monies which will most definitely affect the welfare of thousands of farm workers. In past years state and local Migrant Ministries assisted in the development of day care centers, and watched with satisfaction as the funding of these centers took on stability through federal funding. Now we see that very important service being suddenly curtailed only weeks before the children needing those services are to arrive in the state. We know that without the care these centers provide many children will be in situations of peril when they are left unattended as the adults of the family must work to earn what they can. Heat exhaustion from being left in hot cars, pesticide poisoning and sickness from playing unattended in unsafe or unsanitary conditions have often been the results without adequate child care. We can not understand the justification for elimination of "group eligibility" for the children of farm workers in light of these realities.

Secondly, we are most concerned about the failure to fund United Migrants for Opportunity, Inc. Our agency was instrumental in establishing Michigan Migrants for Opportunity, Inc., which later became U.M.O.I., because the needs of the farm workers of this state dictated provision of those services. Although the number of migratory workers coming to Michigan has decreased since that agency was created, the needs still exist in great proportions.

We feel that the loss of U.M.O.I. would affect the delivery of essential services in two ways. First, the effects will be felt by other agencies. While U.M.O.I. provides certain services, it has also mobilized state agencies to begin to take responsibility for some of those services, plus the development of other needed

services where there were gaps. We are not at the point, however, where U.M.O.I. can simply drop from the picture without grave consequences. State agencies continue to rely heavily on U.M.O.I. for its guidance and direction in their planning and provision of services. To disband U.M.O.I. at this time would take away the major source of valid information, contact with farm workers for planning, and real feeling for farm workers needs.

The loss of U.M.O.I. would be felt severely at the local, people-to-people level. U.M.O.I. is the one agency which is available on a day-to-day, almost around the clock basis to the individual farm worker. There is no other agency which reaches out to serve on the local level where farm workers are located in the manner that U.M.O.I. has. Farm workers know from experience where to go for assistance or information. At the U.M.O.I. centers farm workers find people who speak their language and who care. No other agency exists solely for this purpose in this state, nor is there a potential for one in the foreseeable future, for the key to this type of service is organization and funding. The organization is there. The question now is funding.

In conclusion, we are strongly in favor of continuation of group eligibility for federal funding for day care services for migrant children, for continuation of other types of federal funding that benefit farm laborers in this state such as the migrant health clinics and migrant education programs, and most urgently appeal for the continuation of the funding of U.M.O.I. at levels at least equal to those of 1972.

CONSUMER ALLIANCE OF MICHIGAN,
Detroit, Michigan.

HONORABLE MEMBERS OF CONGRESS: The Consumer Alliance of Michigan urges the Congress to appropriate funds for the continuation of Michigan's thirty-one (31) Community Action Agencies. If President Nixon's budget recommendations for the elimination of OEO is upheld, an effective human services delivery system for the poor people of Michigan will be seriously impaired. At the very least, funding should be provided for fiscal year 1974 until special revenue sharing or some similar program is approved by the Congress for fiscal year 1975. CAM not only supports the President's recommendation for the continuation of the Legal Services Programs, but also urges the Congress to expand this beneficial and necessary service.

Sincerely,

JACK CHASE, *Vice President.*

STATEMENT OF STEVE JACKELIN, DIRECTOR, NEIGHBORHOOD YOUTH CORPS,
GLENWOOD CITY, WIS.

(President of Wisconsin Chapter of the National Association of Neighborhood Youth Corps Directors and Represent 20 NYC programs in the State of Wisconsin)

Young people are beautiful and the development of these beautiful young people is what NYC is all about. NYC is the 16 year old girl who dropped out of high school because she was pregnant—who worked at a Parent-Child Center—who learned to care for her baby and help others while she earned money to buy necessities—and who is now continuing her education.

I wish to speak, most of all, on behalf of this one girl and some 15,000 other young people in Wisconsin who have (or could have if funds were made available) benefited from the NYC program. NYC is a work-training program designed to give good work experience's for disadvantaged youth, ages 14 to 21. But NYC is so much more than only statistics and guidelines. NYC is a viable tool through which young people can directly experience the adult responsibilities that are expected of them in the real world of work as well as constructively contributing to the betterment of their communities.

Tremendous pressures are forced upon today's young people during this period of human development where they are often treated as children and at the same time, are expected to act as responsible adults.

NYC helps create a learning situation in which adults give understanding and individual concern to these young people through good supervision along with good adult job responsibilities. The money these young people earn thru their job experiences provides motivation for them to consider future jobs and careers. NYC is NOT a hand-out program. Oftentimes, it isn't until after he is fired or terminated from the program that the young person is able to fully understand

his job responsibilities. Being able to spend money that has been earned by his or her labors also teaches much.

NYC, thru its program of earning and learning, helps to constructively bridge the gap between adolescence and adulthood. Some people are strongly opposed to poverty programs like NYC. Who should administer the NYC program; how it should be administered and what guideline changes are needed are all areas in which efforts should be spent to improve NYC.

I firmly believe that the NYC program is basically beneficial to disadvantaged young people and should be continued as an effective means to break the cycle of poverty in this country.

Note by J. C. Banks, Executive Director, West CAP, Glenwood City, Wisconsin: West CAP is the sponsor of an NYC program which employs 1100 youth each summer in a rural area where there are very few jobs for kids. We should be organizing our 1973 program but all manpower funds are tied up in a non-existent bag called "manpower revenue sharing." I appeal to this sub-committee to restore some order and ethics to this nation's manpower and poverty programs.

STATEMENT OF NORMAN E. ANDERSON, COUNTY BOARD CHAIRMAN OF ST. CROIX COUNTY AND PRESIDENT OF WEST CENTRAL WISCONSIN COMMUNITY ACTION AGENCY, INC., GLENWOOD CITY, WIS.

Every day, as a member of the governing body of a rural Wisconsin County, I must fight the battle of rising costs of welfare, education, protection, highways and everything else. Now, if the Executive Office of the President gets its way, and if the necessary programs of our CAP Agency to help people fight their way out of poverty are to continue, it will be saddled on our back if we ever get revenue sharing money.

Personally, I am very skeptical of how each of our counties could operate programs such as: Manpower; Pre-school Education; Rural Health and Family Planning Services; and other Agency programs.

Our seven counties have worked quite well together with the CAP Agency coordinating these programs for our total population of 205,000 people.

Ordinarily, if our schools or our counties get funding for local programs from federal or state sources, they fund it for a couple of years until we get it going good and then drop it in our lap and up goes our taxes again if we wish to continue the program. We must have protection so this does not happen.

Our Community Action Agency representing 7 counties has been able to protect us from this. I don't know how we could manage to fund any of these programs direct from county funds, but, still they are necessary programs in our rural areas, especially.

Many of us are also concerned because none of our counties have sufficient population for direct funding of any programs. All of our counties are rural and several are declared distress counties.

The President promised a group of mayors that they would receive more U.S. cash than they have been getting, but, I am sure that our rural areas, based on past performances such as the Emergency Employment Act (E.E.A.), will be discriminated against unless someone guards our interests.

Nearly one-fourth of the families in our 7 county area are earning less than \$5,000 per year. We have to face up to the needs of this large minority of our citizens. They want to work, they want to be healthy, they want to be equipped to compete in the mainstream of our society—They do not want welfare . . . Every CAP program is geared to better prepare participants to keep them off welfare roles. Jobs are scarce, we have no big defense contracts—we need jobs and programs to tide people over.

I feel the President's decision to dismantle O.E.O. to be part of a plan he started 4 years ago. He now says he is sorry that the program is such a dismal failure. This is hard for me to figure because he has called it necessary and vital for over 4 years. His appointees have run in—Don Rumsfeld, Frank Carlucci, Phillip Sanchez and now, Howard Phillips. They could have surely eliminated deadwood and waste in that length of time if they had wished to.

If they have been so incapable, why destroy the agency and cut off help to people that just won't get it elsewhere. These folks had nothing to do with how the President's Office operated O.E.O. I think President Nixon is copping out on poor people.

Federal subsidies in defense, space, transportation, and other areas have created billion dollar companies with salaries of hundreds of thousands of

dollars to such men as Roy Ash, who is now controlling our budget. These companies such as Lockheed, Litton Industries, Penn Central, and others have cost over-runs far greater than the 300 million dollars it takes to help people in the "war on poverty".

Is it better to leave Federal dollars subsidizing rich people at the expense of the poor?

You are all our elected representatives in Congress—you are supposed to be setting the policy of this country.

If programs that give opportunities to poor people must be cut—should not programs benefitting rich people also give up an equitable proportion?

Our Community Act Agency and the people we serve need your help. . . .

STATEMENT OF RALPH MICKELSON, CITY CLERK, AMERY, WIS.; COUNTY BOARD OF SUPERVISORS, POLK COUNTY; BOARD MEMBER, WEST CENTRAL WISCONSIN COMMUNITY ACTION AGENCY, INC., GLENWOOD CITY, WIS.

Over 60 people testified at Senator Gaylord Nelson's Hearing last Friday in Eau Claire, Wisconsin about the effects of President Nixon's budget cuts on rural Wisconsin. There were bankers from my own county, city and county officials from the entire region, and men and women, young and old, who have benefited from the various programs operated by Community Action Agencies.

Their message was the same: Community Action programs *are working*, they *are helping* people find jobs, helping them improve their health, find better housing, improve their farming practices, and in general, find a better life for themselves and their families.

Probably most important, Community Action is giving the low income a chance to develop the skills to speak for themselves—to influence the programs set up to help them help themselves.

Urban and rural poverty are two sides of the same coin. Our small communities are taxing themselves to the bone to provide basic services to our citizens. We pay out to build good schools, to give our children the best education we can—then watch our young people move to the cities to get a decent job because we don't have anything to offer them back home. Small farms are disappearing, our timber and mineral resources are used up, and industry can't locate where we don't have adequate sewer and water systems.

Some of them make it in the cities, and many don't. They join the mass of poverty stricken people already in the cities, or come back to become a welfare burden on those who do have jobs back in our small towns.

Even our Community Action programs were a pathetically small response to these massive problems, but, they were a beginning. Now, we are supposed to wipe out all our gains, wipe out the good agencies along with the bad, and start all over? If we are expected to do this with revenue sharing, I am afraid the poor are in for some hard times. Our small towns desperately need this money just to stay in existence. In my own county, we have towns that have a chance to get a new industry, but, first must meet state and federal requirements on their sewer and water systems. They just don't have the bonding power to raise the money on their own. These federal cut-backs are affecting those sewer and water grants, too.

When and if, we get revenue sharing, what do you expect that town to do? They have got to build that new sewer and water system. They can't spend money on senior citizens, family planning, and handicapped programs. Maybe that's not proper to some people's way of thinking, but, they have no choice.

If we don't have Community Action, the low income will have very little in the way of programs to help them in our area aside from the traditional social service public assistance programs. I feel we are defaulting on a contract we made with the poor, so to speak, if we don't follow through with the Community Action Program. . . .

SAGINAW BOARD OF EDUCATION NEIGHBORHOOD YOUTH CORPS DROPOUT STUDY

In the January 15, 1973 edition of the "Washington Monitor" a report was given from a review entitled, "The Effectiveness of Manpower Training Programs." In this report it stated:

The Neighborhood Youth Corps (NYC), designed to discourage students from dropping out of school, apparently has had the opposite effect. Research-

ers have concluded that the federally funded NYC actually reduced the probability of high school graduation and did not increase the educational aspirations or scholastic achievement of enrollees. Students with low grades were distracted by their jobs and spent even less time on school work.

The staff of the Neighborhood Youth Corps In/School program in Saginaw took offense to this report. It was our feeling that the NYC program in this area had effectively helped deter students from dropping out of school. A great majority of our NYC enrollees have achieved graduation and have been placed in full time employment here in our community.

When a report was cited in the Detroit Free Press on February 7, 1973, that federal funds to support this program were in jeopardy for the summer of 1973, we began to take a closer look at our program here in Saginaw.

Last summer's NYC program in the Saginaw area involved the hiring of 844 young adults from Saginaw, Bay, and Midland counties. Our office began the awesome task of identifying the whereabouts of 953 young people who we issued W-2 wage statements to for 1972. After numerous telephone calls to area high schools and enrollee's homes, we were unable to locate 71 individuals. The results which we discovered are as follows:

Number of enrollees receiving W-2 wage statements—1972-----	953
Number of enrollees unable to contact-----	71
Total number of enrollees able to contact-----	882
Number of enrollees currently enrolled in school (percent)-----	779-87.9
Number of enrollees who have graduated (percent)-----	60- 6.9
Number of enrollees who have dropped out (percent)-----	43- 5.2

Information gathered concerning 60 graduates and 46 dropouts.

Full time employment-----	33	In jail-----	2
Married-----	5	In military service-----	3
Enrolled in college-----	11	Pregnant-----	1
Moved from area-----	9	Deceased-----	1

It is our firm belief that the Neighborhood Youth Corps In/School program in the Saginaw area has fulfilled its purpose. In reviewing the dropout rate for the Saginaw Public Schools over a three year period, findings were as follows:

<i>Saginaw public school dropout rate:</i>	<i>Percent</i>
1969-70 school year-----	6.8
1970-71 school year-----	6.5
1971-72 school year-----	6.5

In the Saginaw city area approximately 55% of the enrollees served are members of a minority race. In looking at the dropout rate in this area for the Public Schools a definite trend is forming. The rate over the three year period has decreased each year as the following evidence shows.

Mexican-American

<i>Saginaw public schools dropout rate:</i>	<i>Neighborhood Youth Corps dropout rate:</i>
1969-70—12.8%	106 enrolled
1970-71—11.9%	5 dropouts
1971-72—10.1%	<hr/> 4.7%

Negro

<i>Saginaw public schools dropout rate:</i>	<i>Neighborhood Youth Corps dropout rate:</i>
1969-70—7.8%	379 enrolled
1970-71—5.8%	21 dropped
1971-72—5.6%	<hr/> 5.5%

Male

<i>Saginaw public schools dropout rate:</i>	<i>Neighborhood Youth Corps dropout rate:</i>
3,428 enrolled	538 enrolled
388 dropouts	32 dropped
<hr/> 11.3%	<hr/> 5.9%

Female

<i>Saginaw public schools dropout rate:</i>	<i>Neighborhood Youth Corps dropout rate:</i>
3,257 enrolled	344 enrolled
275 dropouts	11 dropouts
<hr/> 8.4%	<hr/> 3.2%

In reviewing the dropout figures for the state of Michigan during the school year of 1970-71, we find that 37,339 people dropped from school or approximately 6.02%.

The state averages for the period of 1962-71 has hovered annually between 6% and 7%.

The figure for dropouts in Saginaw county in the 1971-72 school year amounted to 1,126 persons or a 6.64% rate. In each of the above cases, the NYC figure of 5.2% is below these.

Interesting fact in the 1971-72 school year is that the Negro dropout rate fell below the white dropout rate by a full percentage point, 6.6% for the white and 5.6% for the black.

It is our opinion that the Neighborhood Youth Corps has been a definite asset in reducing the dropout rate among the minority groups. It is further believed that the white dropout rate could be improved if the program was able to have more white enrollment.

If the NYC program is not to be funded, I am positive that the dropout rates in all categories, but especially the minority race, will begin to increase. NYC has done the job it was intended to do in the Saginaw area as is evidenced by the 87.9% enrollment in school factor. It is hoped that if the NYC program is allowed to continue, we can even improve the 5.2% dropout figure which now exists.

JACK P. TAYLOR,
Superintendent.

HIGHLAND PARK, MICH., *March 20, 1973.*

CONGRESSMAN HAWKINS: As a precinct delegate member of the Wayne County Welfare-Clients Advisory Council, and the chairman of Highland Park hospital committee. I would like to go on record and state that our Mayor Blackwell is a Republican and H.P. is a Democratic city. Which the majority Black & White are on some kind of public aid.

Sir before the old O.E.O. centers close Highland Park had the most working programs, in the tri-county area. Sir I am a living witness to what O.E.O. has done for Highland Park, I am on disability O.E.O. was the only ones who care when I gave up. O.E.O. help me to get on my feet. I was costing Welfare a lot of money in hospital bills. Since 1968 I have been doing volunteer work. I am on Sen. Coleman Young Task force. National Welfare Rights-Westside Mothers. Sir when the O.E.O. centers close Mayor Blackwell was one of the main peoples who fought against the O.E.O. centers. Highland Park need all the help we can get.

MRS. ANNA FULLER.

STATEMENT BY MARTIN J. SCHREIBER, LIEUTENANT GOVERNOR OF THE STATE OF WISCONSIN, AND CHAIRMAN OF THE WISCONSIN COUNCIL FOR CONSUMER AFFAIRS

Mr. Chairman, Members of the Committee, it is a pleasure for me to be with you today. I am Martin J. Schreiber, Lieutenant Governor of the State of Wisconsin and chairman of the National Conference of Lieutenant Governors. I am speaking to you today in my capacity as chairman of the Wisconsin Council for Consumer Affairs. This Council, composed of representatives of some 14 state agencies involved in consumer affairs, as well as consumer, labor, business, farm, and minority representatives, was formed by Governor Patrick Lucey to monitor and coordinate consumer affairs activities on the state level. One of the Council's major purposes is to serve as a link between Wisconsin consumers and the federal government and Congress.

I am appearing here before you today to testify about the Economic Stabilization Act. A recent poll indicated that 3 out of every 5 Americans say that rising prices is the most important problem they face today. Consumers in Wisconsin agree. In our state capitol, Madison, consumers have become so irate about sky-

rocketing food prices they have formed an organization called HELP (Housewives Endeavoring to Lower Prices) to protest high meat and grocery prices. Similar efforts are underway in Evansville and Janesville.

What has happened to food prices, I believe, points out the need to build controls into the Economic Stabilization Act, rather than allowing the President to decide whether or not to utilize controls. I believe that the lifting of most controls under Phase III was premature, and will ultimately hurt the consumer. His pocketbook will suffer because price increases do not have to be approved ahead of the increase. Even though that increase may be later rescinded, the consumer will already have paid the unjustified higher price for the item.

I seriously question President Nixon's intent to use his "big stick in the closet" to enforce the voluntary guidelines. His record certainly shows his commitment to big business is greater than his concern for the problems of consumers. Our experience under Phase II and now under Phase III clearly demonstrates that this administration can withstand the complaints of America's "little persons"—average citizens like my constituents in Wisconsin—much longer than it can withstand the complaints of the big money interests.

Because of President Nixon's poor track record on behalf of consumers, and because the voluntary provisions of Phase III do not appear effective, I'm convinced Congress should build mandatory controls into the Economic Stabilization Act. First, I would support Congressman Henry Reuss' Congressional Oversight Amendment to the Act, which would give the General Accounting Office authority to review all Cost of Living Council actions and report to Congress whenever this review indicates that the Council is not doing an adequate job of fighting inflation. Unless this amendment is enacted, the American public remains largely in the dark about cost increases. Congress and the consuming public need this additional tool so that we can know when and why the Council has declined to take action against inflationary behavior.

My primary reason for appearing before you here today is my concern for the surging costs for rent in Wisconsin since the lifting of Phase II rent controls. The consumer spends the greatest share of his paycheck for rent. Most families spend at least 25% of their income for rent; low income families spend even more. Nothing touches everyone more than rent and housing. A consumer may choose to cut down on food costs by buying eggs and cheese instead of meat. But the consumer cannot cut down on the kind of housing he needs. He cannot cut down on the number of children that need a place to sleep. In Wisconsin, early 437,000 families occupy rental units, and they pay a median rent of \$91 a month. I might add that families living in Wisconsin's metropolitan areas pay much more than \$91 a month for rental housing.

I read in the Milwaukee Journal the other day that the National Association of Real Estate Boards has announced plans to establish task forces to investigate reports of excessive increases in rents. The immediate past president hinted at possible rent rollbacks and limits on rent increases when justified. John T. Dunlop, director of the Cost of Living Council, has been quoted as saying that large rent increases "apparently are not a problem of national proportions."

I am here today to tell you as well as Mr. Dunlop that Mr. Dunlop is wrong. Voluntary restraints on rent simply are not working. I have here before me a listing of 49 documented rent increases that our Council discovered in a brief survey of the state. We have every reason to believe that this reflects simply the tip of the iceberg. Most consumers apparently are not reporting large rent increases that do occur because the landlords are telling them, and they understand, that there is nothing they can do to get the increases rescinded.

What is most tragic about these rent increases is that they are hitting those persons who can least afford them—the poor, and the elderly, whose incomes are fixed. Especially in Milwaukee, some of the largest rental increases have been in units occupied by large families—families who must remain in those units, even though they can no longer afford them, because there is no where else to move to. One family with six children has been slapped with a \$35 a month rental increase. What is incredible is that the landlord has no justification for this increase. In fact, the unit has 28 outstanding code violations for inadequate conditions.

Because of a Phase III rent increase, an elderly Milwaukee woman on social security has to scrimp to find an extra \$50 a month for rent. Her landlord has upped her rent 66%. Another Milwaukee woman on social security suffered a 79% rent increase. In Racine, the Welfare Department reports numerous rent increases, ranging from \$19 to \$50 a month, or increases of 14% to nearly 63% a month. Many of these include increases which bring welfare clients' rents up to

the maximum which the welfare department will pay. While the welfare recipient does not have to pay more, the taxpayer does. Some landlords with welfare renters apparently view Phase III as a green light for unlimited rent increases. In effect, taxpayers are subsidizing landlords through increased rental allotments to welfare clients. Rent increases which consumers have experienced in Wisconsin are not limited to large metropolitan areas, however.

Lot rentals for some mobile home owners in Fond du Lac went up 18%; a rural Mindoro renter was assessed a 66% rent increase, and in Bangor, Wisconsin, rent was raised 33%. In one case a landlord made an increase under Phase II but was ordered by IRS to roll back the increase; with the advent of voluntary controls under Phase III, the landlord made the increase effective April 1, 1973.

Our investigation did not reveal a great number of excessive rental increases in large rental units. By and large, the more sophisticated property management firms upped rents only from \$5 to \$10 a month per unit. The biggest and most abusive increases were in units that apparently were not even regulated under Phase II. According to a tenants' advocate, many of the landlords owning fewer than 4 units believed they were controlled under Phase II and did not increase rents. But under Phase III, it is very clear they are not under control, and have a carte blanche mandate to up rents.

Rent is also increasing for public housing units in Wisconsin. This reflects the President's impoundment of operating subsidies for public housing. In an effort to increase their revenues to make up for the loss of subsidies, the Public Housing Authority in Milwaukee, for instance, has increased the maximum rents payable. Under current rules, a public housing tenant must pay 25% of his income for rent, or the maximum rent set for that size unit, whichever is less. If 25% of a tenant's income is more than the maximum rent, he only pays the maximum. The Milwaukee Housing Authority, in an attempt to meet the federal money squeeze, made these increases in maximum rents which will be effective April 1:

Rental unit	Old maximum	New maximum	Increase	Percent increase
1 bedroom.....	\$90	\$125	\$35	38
2 bedroom.....	100	140	40	40
3 bedroom.....	105	155	50	47
4 bedroom.....	110	170	60	54
5 bedroom.....	115	185	70	60
6 bedroom.....	120	200	80	66

Because of these astounding increases in maximum rents, a low-income family which had not previously paid 25% of their income for rent but had paid the maximum will now find that they will have to use more of their limited income for rent. If their income is such that they would have to pay the maximum as they did before, they could find themselves paying from \$35 to \$80 more a month for rent.

Public housing was designed to enable families with low and moderate incomes to find adequate, suitable housing at a cost they could afford. While the government is controlling their income under Phase III, it is not controlling the amount the family must spend for housing. The public housing tenant's income remains basically the same. But his expenditures, usually limited to necessities only, are going up. He still has to shop at the same store and eat the same food. Pig's feet as well as steaks are going up. By rising rental costs in public housing units, we are asking low income families to squeeze blood out of the proverbial turnip. It just isn't here. What we may see is such families leaving public housing and entering substandard ghetto housing units.

I believe it is about time that Congress reassert its control over spending and see to it that the money you have appropriated to subsidize public housing is spent for that purpose. If you don't exercise your muscle, the result will be to force the low-income, already financially strapped tenant to bear an unconscionable financial burden because a President has chosen to disregard the decisions of Congress.

The rent controls imposed under Phase II were generally acceptable. However, the enforcement of these controls was not adequate, and the coverage was not broad enough and not easily understood. I firmly believe that we must make mandatory rent controls a part of this Economic Stabilization Act. I have pointed out the abuses we have discovered in Wisconsin. I'm sure another lieutenant governor from another state could show you similar evidence.

You have elected to represent your constituents. You are closer to their problems than the White House. I urge you to adopt an amendment to the Economic Stabilization Act which would include specific statutory controls over rent.

I understand there will be quite a few proposals for amendments involving rent controls. Unfortunately, I have not had an opportunity to carefully scrutinize these proposals. However, our research has convinced me that some basic provisions must be included in any amendment which would impose rent controls. Primarily, we must broaden the coverage of the controls and strengthen the enforcement provisions. We must also enable the landlord to "pass through" legitimate increases in operating costs, encourage the building of units where housing shortages exist, and at the same time, protect the tenant from unjustified, excessive, burdensome rent increases. Any rent control amendment should, I believe, include the following provisions:

(1) A 2.5% annual rent increase should be allowed, with the provision that if this isn't imposed the first year, it can be added to the second year's increase.

(2) This allowable increase should apply to all rental units, including public housing units. There should be no exceptions to this control, not even for single family dwellings, luxury dwellings, or housing in areas where the rental rate is 5.6% or greater.

(3) A National Rent Board should be reactivated to review rents, make recommendations for changes and make suggestions for closing gaps and loopholes. Its membership should include landlords, business, citizen and government representatives in approximately equal numbers. This board should also be responsible for disseminating information regarding the rent control provisions to the rental industry as well as to renters.

(4) Rent Control Appeals Boards should be established at local and/or regional levels to allow exceptions to the 2.5% rent increase allowance. This board should include representatives of landlords, renters, business, citizens and IRS and should consist of no more than six members. Decisions by this body could be appealed to the Cost of Living Council.

(5) Funds should be appropriated to existing local and/or regional advocacy agencies to employ rent control counselors who would assist renters and landlords in understanding the control provisions, monitor illegal rent increases, and seek to resolve disputes before they are taken to the local Rent Control Appeals board. Lawyers should also be hired by these agencies to represent renters before this appeal board.

(6) Unequivocally clear provisions should protect the tenant from retaliatory eviction when he challenges a rent increase.

(7) The Internal Revenue Service should coordinate the efforts of the rent control counselors and lawyers, and staff the local and/or regional rent control appeals board. It should be the official local arm of the Cost of Living Council.

(8) No landlord should be allowed to assess any rent increase if he has outstanding housing code violations against the housing unit. The 2.5% increase would be allowed only after the violations are corrected.

(9) Rents should be rolled back to the levels that existed on January 9, 1973. We simply cannot allow unscrupulous landlords to impose destructive, unwarranted increases upon those who can least afford them, and those who are least equipped to fight the increases.

An across the board allowable annual 2.5% rent increase would be less complicated to administer because there would be no exceptions. It would prevent the kind of abuses we have found in Wisconsin. The low-income renter, whose landlord often owns only a few units, as well as the rural renter of a single family dwelling would be protected from unwarranted rent increases.

There are those who would argue that to include all rental units in the mandatory controls would impose a hardship upon the "mom and pop" landlords who own only a few units. Some say it would require them to become sophisticated business persons. However, the Internal Revenue Service does not make an exception to these landlords and tell them they don't have to declare their rent revenues. I cannot function as a lawyer without complying with the law; neither should any landlord be able to function as a landlord without complying with the requirements.

The 2.5% allowable rent increase should enable the landlord to pass through normal operating cost increases and at the same time realize a fair profit. If utility rates, property taxes, or mortgage interest rates suddenly zoom up, or if the landlord has made capital improvements, he could request a hardship exception to the 2.5% rule from the local Rent Control Appeals Board. The exception would apply only to those units directly affected by the increased costs.

You will notice that I have not recommended that increased maintenance costs be allowed to constitute an exception to the 2.5% rule. I believe that a reputable landlord takes the cost of adequate maintenance into account when he establishes the rent. Furthermore, if a landlord consistently refuses to maintain a unit, consistently refuses to correct code violations against the unit, he should not be allowed to realize any rent increase until the corrections are made. Numerous of the rent increase abuses we have found were for units which were substandard to begin with. This must not be allowed to continue. For those who would argue that the landlord required to make such corrections should be allowed to increase rents beyond 2.5% to recoup his expenses, I would argue that if he had maintained the units on a continuing basis in the first place, sudden increased costs would not be necessary.

The use of a National Rent Board, as well as local Rent Control Appeals Boards would assure both the rental industry and tenants that they would be fairly represented when exceptions were made to the 2.5% rule. Rent control counselors should help resolve problems and misunderstandings before they became unresolvable and are taken to the appeals board. The employment of lawyers would assure that the renters would be represented adequately in appeals hearings. Under Phase II, while most landlords could afford to pay for legal assistance, some tenants went without it because their income was too high to qualify for legal aid, and too low to enable them to pay for it themselves.

My suggestions reflect my belief that the IRS should not be given the sole local enforcement power for rent controls. By and large, IRS employees do not seem qualified or comfortable with this role. The Milwaukee Tenants Union reports very little success in getting satisfaction from tenants complaints during Phase II. In fact, when they documented a case of an illegal rent increase, they got a form letter three weeks later than is sent to landlords requesting an exception to the 2.5% increase limit. Two separate state departments, calling the IRS in the name of the Governor of Wisconsin, could not get the necessary information from the department. The IRS also seemed reluctant to protect the tenant against retaliatory eviction, even though it was clearly a violation of Phase II provisions. This problem arose particularly when a tenant wrote the IRS to find out if his landlord was covered under Phase II. The IRS would contact the landlord to determine if he owned more than four units, whereupon the landlord knew the tenant had inquired. In several cases, the tenants were evicted. With across the board controls, it would be clear that all rental units would be covered.

All of these provisions are essential to any extension or amendment to the Economic Stabilization Act which would deal with rent controls. I urge your serious consideration of these provisions. Their enactment into law would show American consumers that you are as concerned about the demands on their paychecks as you are about the need for business persons to realize profits.

I am also concerned with the spiraling cost of living under Phase III generally. As one facet of a general investigation of rising prices, the Wisconsin Council for Consumer Affairs has recently looked into the spiraling costs of footwear in Wisconsin. While most retailers reported that they had been passing wholesale increases of 3 to 5 per cent on to the consumer, some reported increases of as much as 10 to 14 per cent depending on the amount and quality of leather used to make footwear. We found that the more leather content in the shoe or boot, the higher the increase. Numerous store owners were dismayed because they were ordering for next fall and found that prices were going to increase still another 5 to 10 per cent. Most were concerned about their ability to continue providing lines of quality products at reasonable and affordable prices.

A store owner in Green Bay said that he had stopped buying from a Milwaukee manufacturer because of a recent \$5 increase in the line that he carries. Another retailer in Superior said that he had just passed the increases in his work boots on to the consumer because he didn't want to carry inferior quality boots. An Eau Claire store manager thought it would have been better if controls had remained for about six months more "just to allow things to balance out". Another Milwaukee retailer complained that devaluation was going to increase the prices of foreign shoes in his store.

We called shoe manufacturers in Wisconsin and they said that the costs of wood they use for their heels have gone up, the steel used in their shanks has

increased and the cost of hides has doubled and tripled in the past year and a half. Increases in transportation costs, the scarcity of leather hides and higher wages, they said, necessitated these new prices.

What can the consumer do? There are many new lines of shoes coming out today that feature more and more man-made products in the linings, out-soles and insoles. In fact, many discount stores now sell shoes composed of 80 per cent synthetic products. While the cost of the shoe is less, the ultimate cost to the consumer is greater because the product will not last as long. Citizen-consumers need to be protected from this continued decline in their purchasing power. They should, as one of their basic rights, be able to purchase quality consumer products at prices that do not represent a disproportionate share of their incomes. This is especially important in the area of footwear because it qualifies as a basic necessity. I believe that the price increases we have discovered for footwear could also be cited for other vital consumer products.

While regulation of these and other products might be accomplished through amendments to the Economic Stabilization Act, I believe Congress should also be considering other alternatives to controlling such price increases. Price controls on the retail cost of footwear will not solve the problems faced by the manufacturer. We must attack the problem in other ways. I suggest that Congress consider the following actions to stop the inflationary costs of footwear.

First, the Congress should reconsider imposition of temporary export quotas on leather hides. The American consumer is suffering price increases because we are sending much of our leather to foreign countries. When we consider that this is not protecting the American consumer from higher prices in an already inflated economy, I think we should give every consideration to what the social and economic costs are going to be. A disservice was rendered to the consumer when you nullified a Commerce Department proposal to this effect and passed the Gonzales Amendment.

Second, we must pursue legislation that will protect American working men and women from the unfair competition of foreign markets. The more foreign made footwear that comes into this country, the fewer jobs there are for American workers. It makes little sense to advocate freer trade policies if it will mean fewer jobs in an already depressed job market.

Rent controls and action to prevent skyrocketing costs of footwear are obviously only a part of the problem you face in trying to maintain a free marketplace and still prevent inflationary price increases. I sympathize with the magnitude of your task. I hope my testimony has been helpful to you, and I strongly urge your consideration of my proposals. Wisconsin and consumers throughout America are looking to you to protect their interests in our complex marketplace.

Thank you.

WISCONSIN COUNCIL FOR CONSUMER AFFAIRS—SAMPLE RENT INCREASES IN WISCONSIN SINCE PHASE III

Address and renter	Percent increase	Amount	From—to
South 8 St., Milwaukee: Mrs. D.; 6 kids; lived there 4 yrs; 28 code violations on unit.....	25	\$35.00	\$140-\$175
North Oakland, Milwaukee: Ms. H.....	20	25.00	125- 150
West Greenfield, Milwaukee: Ms. S.; elderly; on social security.....	66	50.00	75- 125
West Washington, Milwaukee: Ms. E.; on social security.....	79	53.00	67- 120
North 53d, Milwaukee: Mr. J.....	31	35.00	110- 145
South 92d, Greenfield: Mr. J.....	25	30.00	120- 150
West Dakota St., Milwaukee: Mr. O.....	6	5.00	80- 85
Arcadia: Welfare client.....	5	5.00	90- 95
Eau Claire: Welfare client; DWP upped her allotment.....		10.00	
Fond du Lac.....	15	7.50	47.50- 55
Mobile Home Village, Fond du Lac.....	18	7.00	38- 45
Sheboygan, Fond du Lac: Ms. B.; not making money.....	20	25.00	125- 150
North 2d, Milwaukee: Mrs. S.; floor rotten; basement plaster falling; tank coming off.....	66	50.00	75- 125
West Congress, Milwaukee: Mr. H.....	12½	15.00	120- 135
North 53d, Milwaukee: Mr. C.....	15	20.00	130- 150
South 23d St., Milwaukee: Mr. L.....	74	100.00	135- 235
West Greenfield, Milwaukee: Mr. B.....	18	15.40	84.60- 100
South 13th, Milwaukee: Mrs. Z.....	11	15.00	130- 145
West Greenfield, Milwaukee: Mr. P.; 7 children.....	44	40.00	90- 130
North Cambridge, Milwaukee: Ms. B.....	8	10.00	120- 130
West Windlake, Greendale: Mr. C.....	25	25.00	100- 125
Superior: Ms. W.; CAC reports such increases.....		5.00-25.00	

WISCONSIN COUNCIL FOR CONSUMER AFFAIRS—SAMPLE RENT INCREASES IN WISCONSIN SINCE PHASE III—Con.

Address and renter	Percent increase	Amount	From—to
Waukesha: Elderly.....	12	20.00	165- 185
Waukesha.....	10	20.00	190- 210
Janesville: To welfare department for rent increases.....		5.00-10.00	
Janesville: Mr. R.....	11	10.00	90- 100
Farm home, Mineral Point: Welfare client.....	25	10.00	40- 50
Waukesha.....		5.00-10.00	
South side, Madison: Ms. B.; for sewer and water.....	14	20.00	140- 160
Kinsey Ave., Racine: Ms. S.....	30	30.00	100- 130
State St., Racine: Mr. R.....	19	20.00	105- 125
Center St., Racine.....	23	25.00	105- 130
Mound Ave., Racine: Ms. W.....	62½	50.00	80- 130
Reeds Court, Racine: Ms. F.....	40	50.00	125- 175
Winslow St., Racine: Mrs. B.....	30	30.00	100- 130
6th St., Racine: Mrs. R.....	62½	50.00	80- 130
Winslow St., Racine: Ms. C.....	20	20.00	100- 120
6th St., Racine: Ms. M.....	14	19.00	136- 155
Memorial Drive, Racine: Ms. W.....	21	20.00	95- 115
South Memorial Dr., Racine: Ms. M.....	25	20.00	80- 100
Packard, Racine: Ms. L.....	47	40.00	85- 125
Racine St., Racine: Ms. G.....	47	40.00	85- 125
Ridgewood Trace, Madison: Ms. H.....	21	31.00	145- 176
Ridgewood Trace, Madison: Ms. H.....	10	16.00	160- 176
South National, Fond du Lac: Mr. K.....	9		
Sheboygan, Fond du Lac: Ms. B.....	20	25.00	125- 150
West Wisconsin, Milwaukee: Ms. M.....	35	30.00	85- 115
Mindoro (rural): Mrs. H.....	66	40.00	60- 100
Bangor: Ms. C.; IRS made them roll back increase due to phase II but was informed that the increase goes into effect Apr. 1, 1973.....	33	25.00	75- 100
Liberty, La Crosse: Ms. N.; no improvement, advised to contact board of health.....	20	15.00	75- 90
Caladonia St., La Crosse: Ms. S.; rent raised October 1972 and now; building was sold in between.....	29	25.00	85- 110
Stoffel Ct., La Crosse: Senior citizens; increase dependent upon increase of social security.....			
Loftsgordon Ave., Madison: Ms. W.....	3	5.00	105- 110
Hermila St., Madison: Ms. P.; wanted to increase more; stopped at \$130 when found out was DPW maximum—felt tenants not taking care of property properly.....	30	30.00	100- 130

STATE OF WISCONSIN,
DEPARTMENT OF LOCAL AFFAIRS AND DEVELOPMENT,
Madison, Wis., March 20, 1973.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Subcommittee on Equal Opportunities, House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HAWKINS: I am sorry that, because of pressing business here in Madison, I was unable to appear at Subcommittee on Equal Opportunities Hearing in Detroit. I want to submit my testimony, however, and would very much appreciate your entering the attached copy of my presentation into the record of the Hearing.

Sincerely yours,

CHARLES M. HILL, Sr.,
Secretary.

Attachment.

STATEMENT OF CHARLES M. HILL, SR., SECRETARY DEPARTMENT OF LOCAL
AFFAIRS AND DEVELOPMENT, STATE OF WISCONSIN

Mr. Chairman, I will speak briefly and file for the record a detailed statement, prepared for the Legislature's Joint Finance Committee, which outlines the fiscal impact of the proposed Federal budget on the programs related to the Department of Local Affairs and Development.

The President's budget has the gravest possible implications for programs related to the Wisconsin Department of Local Affairs and Development.

But it is not our Department as such which will be hurt—it is the local units of government, the public and private organizations, and ultimately the individual citizens who will be immediately and seriously affected.

Our State Bureau of Economic Opportunity will be a casualty of the President's decision to abruptly shut down the Office of Economic Opportunity and terminate the War on Poverty. But of far more significance is the President's decision to terminate funding for our 19 Community Action Agencies, which ad-

minister more than \$20 million a year in services to Wisconsin people, many of them in rural areas or inner city neighborhoods not effectively served by other programs.

The President's proposal to terminate the Model Cities program will have a \$21 million impact on the City of Milwaukee over a two year period.

Virtually all of the urban renewal and community development programs, on which we assist local units of government, will suffer at least a temporary cessation, while we await the uncertain outcome of the President's special revenue sharing proposals.

Governor Lucey's efforts to mount a greatly expanded housing program in Wisconsin will almost certainly be impeded.

In terms of how this committee can most effectively respond to the many problems which we confront as a result of the President's budget, let me emphasize two especially urgent matters on which your influence can be especially crucial.

First, the providing of funds to enable our Community Action Agencies to remain open. We strongly endorse the concept suggested of continuing the basic Community Action funding in the form of "Community Action Revenue Sharing." If the present Community Action "local initiative" funding—about \$328 million a year—were made available to Governors and to Mayors of the larger cities for them to use at their option to continue Community Action programs, it would make a tremendous difference. This is a concept the President himself endorsed in the last session of Congress. It is absolutely necessary if we are not to suffer an abrupt termination of vital services and real hardship in Wisconsin.

Second, there is the matter of funding for a summer Neighborhood Youth Corps program. It is incredible to me that the President has ordered that no funds be provided for this program, and that State and local Manpower Councils have been specifically forbidden to use any of their manpower fund allocations for this purpose. The suggestion that Emergency Employment Act funds be used is preposterous. This would force the layoff of regular, full-time EEA employees—who are supposed to be in a stage of transition to permanent, unsubsidized employment—in order to use their salary money to hire disadvantaged youths for the summer. The idea is totally unworkable.

Last year Wisconsin was able to provide 14,000 special summer jobs through the Neighborhood Youth Corps and a special Milwaukee program funded through Title 4A of the Social Security Act. The total cost was \$6 million. If these funds are denied us, we will face an extremely dangerous situation in our inner-city neighborhoods and our rural areas this summer, with many thousands of young people competing for extremely scarce summer job opportunities in the private sector.

We strongly urge your support of Senator Nelson's Subcommittee on Employment, Poverty and Migratory Labor to provide a community action special revenue sharing appropriation and a special supplemental appropriation for the summer Neighborhood Youth Corps program. We can't understand why the President is specifically forbidding such a program. It is an absolute, urgent necessity.

Thank you.

STATEMENT OF HALVOR LACHER, EXECUTIVE DIRECTOR, SEMCAC

Re: Report on the need of community action and OEO Program in solving the nation's rural poverty.

Southeastern Minnesota Citizens' Action Council serves a three-county area of 2,044 square miles; the region has only one city (Winona—26,036) having a population of over 3,000. The rural nature of the region is not very different from any other rural CAP region and must be taken as a sample of rural poor.

Approximately one-fifth of the region are Senior Citizens. Approximately one-third of the population are below the poverty income guidelines as set up by the U.S. Government.

As the small family type farmer continues to fail and move to the larger communities we find the agricultural based village and/or towns also having out-migration. Thus, the rural poverty problems are direct contributors to our urban problems. We must maintain the viable programs of OEO to provide for the rural area which will keep the family farmer in operation and prevent the family from migrating to the large metropolitan area.

The Rural poor today and hundreds of thousands of the urban poor are part of the agricultural class who have literally been disinherited and driven off their lands by the new farm technology advocated by the experts to promote

efficient farming and to produce more food with less manpower. It is the same type of expert who is today advising the administration that poverty programs haven't worked.

Expensive machines and borrowed capital have displaced the small independent farmer and his hard working family. They have been forced to join the ranks of the rural non-farm and urban poor. The disintegration of American agriculture as we knew it is continuing at an accelerated rate. The marginal farmers of today were the good farmers of a few years ago. Land prices have skyrocketed to the point where no family is able to pay for their farms and Corporate farming is expanding at an ever increasing rate.

The nature of rural poverty is directly linked to the dispersion of the population over broad geographical areas which weaken community awareness and support for low income people. Small towns and villages are unable to provide the employment opportunities or services which would make rural non-farm a decent way of life. It is due to these reasons that rural CAP agencies such as SEMCAC are vital for maintaining a quality of life which would decrease the rate of migration towards large urban areas, and allow the one-time farmer the option of a rural non-farm life rather than being forced into the major metropolitan work force. Rural CAPs and the varied programs which they administer are necessary because they create a community out of a widely dispersed population and because they provide the employment and social services which make rural and rural non-farm life *meaningful*.

The thrust of these programs is not to main poverty nor to make it more comfortable but to provide the services and opportunities that are required by the people of areas such as Southeastern Minnesota, in order that they may work their way out of poverty.

The latest program of SEMCAC is the SEMCAC Community Development Corporation, which is a primary example in developing and fostering rural non-farm economic opportunity. This program does not utilize federal funds but is a direct out-growth of an existing CAP agency.

Community Action agencies are unique because they are designed to serve the several needs of the poor that has always been ignored by the non-poor of the community. CAAs in fact demand participation of the poor while at the same time requesting the participation of Governing officials. Priorities for the poor are therefore considered by Governing officials, poor people and other representatives of the community. This is the point where community action becomes the poor persons organization. It is only as a CAA participant that the poor person is recognized as someone worthy of any consideration. The old saying around this state used to be "if you are poor you are nobody! And I mean nobody!"

There are thousands of organized pressure groups to support every conceivable kind of project for middle class America as well as many other industry, labor and business, organizations to do the same thing for them.

Community Action Agencies provide the only service like this for the poor. Are the rural poor to be relegated to America's manure pile and again become voiceless and oppressed? Are the many programs that helped the poor being changed so that the money will no longer necessarily go to the poor but will filter into the treasuries of the middle class? It is no secret for instance, that some of the revenue sharing money passed out to state, county and local governments is presently in certificates of deposit drawing interest instead of reducing taxes as promised.

There are those that say that community action has failed. I submit that agencies such as SEMCAC have proven successful and to document this I have added an appendix which briefly demonstrates the positive value of these programs to the poor and to the communities we serve.

Since the beginning of its program, the Rural Health Team has made the following referrals:

	Medical	Dental	Mental	Other	Counseling
Referrals to.....	856	557	69	866	139
Income:					
\$1 to \$499 below.....	425	251	45	410	13
\$500 to \$1,499.....	213	118	15	204	10
\$1,500 plus.....	218	188	9	252	26
Male/female.....	326/530	244/313	16/53	444/422	39/91

In our files we have 4,378 family profiles with 12,969 individuals. We have made approximately 19,141 family call-backs.

Transportation was provided by outreach aides 2,344 times. Transportation was given to doctors, lawyers, social services, to and from hospitals, clothing center, Social Security Office and counseling, to name a few. This does not include the transportation provided by our 29 volunteers. These volunteers provided transportation 72 times.

An average of about 160 people visit the Rural Health Team Trailer monthly, plus the Mobile Unit is at the Senior Citizens' Annual Picnic where they do vision and hearing checks and blood pressure checks. They also check the vision and hearing of the Head Start children. The Mobile Unit has also been at the Health Fair at Winona State College twice.

The services offered in the trailer are free to everyone. These include vision and hearing screening, blood pressure check, urine test for diabetes and hematocrit blood test.

These services offer a savings of thousands of dollars to the three-county area, which is served by the Rural Health Team.

FAMILIES HELPED BY THE RURAL HEALTH TEAM

A widow lady needed a physical so was sent to a doctor to find out that she needed gall bladder surgery. Her exam and surgery were paid for which came to \$799.55. The lady is fully recovered and now works at a local factory and is self-supporting.

Another family was helped with \$400 dental. Three sons were helped with dental at a vital point of life (high school age) promoted better school work and job incentive to go on. They are out of the home now, working at jobs or in the service.

Father working but income low, also large family. Mother received a complete set of dentures and children had optometric help, a total of \$513.00 spent on this family. One of the daughters working under NYC.

A divorcee with minority children was helped. She and her children received dental and optometric help, a total of \$400.00 spent on this family.

\$560.00 spent on the wife of a farmer, low-income, who would not spend any of the money he did have on his wife. She received medical and dental help from us.

A diabetic, often unemployed on account of his health problem, received legal, dental optometric and medical help from us. A total of \$556.00 was spent on his family. At one time this person was employed under our Operation Mainstream Program.

Another family of 7 was given dental, legal, medical and optometric help. We spent \$1,344.20 on this family and they were kept off the welfare roles.

A widow and her daughter, living with her two brothers and having no income of her own, were helped with dental, medical, optometric and legal. The daughter was also given an NYC slot and worked in a nursing home and is now thinking of becoming a nurse. A total of \$468.30 was spent on this mother and daughter.

Another large family with multiple problems was helped with medical, emergency medication, dental, a total of \$531.37 being spent on them. It kept this family off welfare and helped the children at school age.

A farm-hand with very low income was helped with drugs, dental, medical, glasses, a total of \$768.25 being spent on them. The mother was tested at the Mayo Clinic as she could not read or write. Through a volunteer from St. Teresa's College this mother learned to read and write.

A father left with 8 children was helped with food, legal, medical and baby supplies, a total of \$350.00 spent on this family. (Mother passed away when baby only a few weeks old.)

Another family with thirteen children was helped with medical and dental. \$831.00 spent on this family.

\$296.00 spent on a family of 10 for dental help.

Another family was helped with optometric and medical as father unable to work due to very poor eyesight. \$473.00 spent on this family. We helped this man to apply for S.S. Disability which he is now receiving and children now on MA.

Another lady was helped with medical exam and later needed gall bladder surgery. She is also now able to work and is self-supporting. A total of \$719.80 was spent on this lady.

Another very low-income farmer received help for his large family with dentures, medical, and optometric with a total of \$321.65 spent on this family.

Another very low-income family, with husband working on his father's farm, received help with prescriptions, medical, dental, and counselling. This man now working in a factory, away from his father, and doing fine. A total of \$976.92 spent on this family.

SOUTHEASTERN MINNESOTA CITIZENS' ACTION COUNCIL, INC. (SEMCAC) RURAL HEALTH TEAM

	1968-69	1969-70	1970-71	1971-72	1972-73
Medical.....	7,164.84	3,487.80	10,062.00	7,500.00	8,100.00
Dental.....	6,554.20	3,329.00	12,604.65	11,686.00	7,000.00
Optometric.....	1,613.35	436.34	2,285.24	2,078.69	1,900.00
Legal.....	1,236.35	832.61	2,802.26	1,800.00	1,800.00
Psychological.....	633.50	1,042.10	3,233.12	3,500.00	3,300.00
Travel.....	18,995.92	5,991.74	13,748.98	15,600.00	14,000.00
Total.....	36,198.16	15,119.49	44,736.25	42,173.69	36,100.00
Grand total.....			174,327.59		

RURAL HEALTH REFERRALS TO OTHER AGENCIES

People referred to other agencies such as county welfare, Lutheran Social Service, Social Security, Services to the Blind, Legal Service, doctors, etc., totaled 3,564 families.

SEMCAC, INC.—FAMILY PLANNING

Since it's beginning, Family Planning has made contacts with 3,443 families. 2,114 referrals have been given for physical exams, IUD's, and pharmacies for contraceptives.

Family Planning has counseled and financially helped with 21 vasectomies and 4 tubal ligations. For the past year, since Family Planning stocked it's own supply of contraceptive pills, 326 women have been supplied with doctor-ordered contraceptives.

A number of clients have been tested for VD—since October 1, 1972, all clients receive a GC Culture with their physical examination.

In one week, 3 women, all under 30 years of age, after using their Family Planning referral for pap tests, were found to have cervical cancer. One of these women had to have a hysterectomy. Many women have been called back to the doctor for a repeat pap.

Total monies spent on clients since October 1, 1969, has been \$36,325.00. This year's budget calls for \$21,920.00 for client costs. These amounts include mileage for outreach workers.

The peace of mind and help these families have received can in no way be measured in dollars and cents.

EMERGENCY FOOD AND MEDICAL SERVICES PROGRAM

This program was funded in July, 1969 until November 1, 1972. There were 13,323 who participated in the program during that time. \$23,293.63 of our funding was used to assist our clients in the purchase of food stamps and \$27,618.21 in direct food purchase. Only one of our counties participated in the food stamps program the first year.

A great deal of time and effort was devoted in assisting children obtain free school lunches or at a reduced rate.

Three Buying Clubs were organized in the last year, one in March, and the other two in July. \$22,005.12 worth of groceries were purchased by the clubs during that period of time. Total membership approximately 150 families.

SEMCAC, INC.—NYC PROGRAM

Since the first funding for NYC in 1967, we have had a total number of 1233 enrollees. \$580,346.30 has been paid directly to the enrollees.

We have served youth in Fillmore, Houston, Winona, Dodge, Steele, Waseca, Goodhue, Rice, Wabasha and Olmstead counties, and job sites have been in all of the towns in these counties. Schools have had enrollees in library work, custodial work, clerical work, audio visual work, and science laboratories.

The County offices, County Extension Services, and the Historical Society in Winona have had clerical and custodial enrollees.

Nursing homes have used enrollees for nurses' aides and Food Service workers, and hospitals at Caledonia, Harmony, and Spring Valley have had enrollees working as nurses' aides.

City and municipal governments have had clerical enrollees in their offices and workers on their streets and parks, as well as in recreation. Forestville and Beaver Creek Valley State Parks and the State Fish Hatcheries at Lanesboro and Crystal Springs have had workers. At Rushford the NYC enrollees have helped to develop a City Park on a bluff overlooking the city, as well as help develop a slalom ski course for the city. These are visual benefits that can be seen by everyone.

Camp Winnebago at Caledonia, a camp for the retarded and handicapped, has had enrollees each year.

County Highway Departments have had enrollees who have assisted the county engineers. Some have worked in Radio Dispatch work. The Minnesota Department of Manpower Services has had enrollees in their offices, both in Winona and Rochester.

Enrollees have worked in city, school and college libraries in Rushford, Harmony and Winona, and all three colleges in Winona have had enrollees in food service.

Many of the enrollees say "This makes us feel like SOMEBODY. We were able to get work through the NYC when we could not get work otherwise".

OPERATION MAINSTREAM

Started July 1, 1970, for 30 enrollees on a 6 month basis. From July 1, 1970 to March 1973 we have enrolled 186 enrollees. Of the 186, 74 have been age 55 and over. \$255,708.07 has been paid out in wages to the 186 enrollees.

We have all the enrollees placed in public and private non-profit corporations or governmental units. Of the 186 enrolled at least 100 have been placed on permanent jobs upon the completion of the 6 month program. Considering that 40% are over age 55 this is a high success rate.

SENIOR CITIZEN PROGRAMS—SEMCAC, INC.

1800 Active Senior Citizens

21 Senior Citizen Centers

All centers meet at least once a week with some meeting twice a week. Our staff teaches one new craft lesson a month.

New materials are brought into each center from three different factories and stores. Senior citizens are able to take what they need to make for themselves, dresses, slacks, blouses and gifts they can give their grandchildren. Many quilts and lap robes are made for the needy and area nursing homes.

2599+ are using the very recent Transportation Program. Every community has transportation available for their senior citizens to each of three surrounding cities (Winona, La Crosse and Rochester). At least 1/3rd of those using the bus transportation do so for health reasons.

400 are involved in the Work Program which is self supporting. This is piece work we are able to receive from a Winona industry and bring into each community. The bookkeeping is done free of charge in our office and checks issued to each senior citizen according to the work they do. They have earned \$20,000.00 through the work program.

300 Senior Citizens are being involved in a Nutrition Program for the elderly. Members will eat twice a week in a local restaurant at a reduced price. Malnutrition is quite common among the elderly and this will help greatly to keep them in their own homes longer.

Last year we assisted senior citizens in filing for \$35,000.00 on their rent or real estate tax refunds. Although we are only half way through this period of filing, we have assisted a great many more and it will be a far greater amount of money that will be coming back into the three counties from the State of Minnesota.

There are between four and five thousand senior citizens that have been helped through these programs for the senior citizens.

HEAD START—SEMCAC, INC.

SEMCAC operates Head Start centers in Winona, St. Charles, Hokah and Spring Valley, MN.

The program has served approximately 1,526 children from low income families in the three counties. In the six years of operation the program has employed some 275 people most of whom were low income parents. Many of these parents have moved from teacher aides into teaching positions with the program.

Our program is concerned with the total development of the Head Start child. Health is an important role in this development. The Rural Health Team provides our program with initial hearing and vision screening for our children. The Dental component is probably the single largest health problem. Approximately 75% of the 1,526 children served by our program had never seen a dentist before entering Head Start and 80% of these children have been in need of further follow-up work. Each child is provided with a medical examination. The information we have received from these examinations have been most valuable in dealing with the needs of these children. Approximately 10% of these children served in our program fall under the category of handicapped as established by the 1972 Amendments to the Economic Opportunity. The greatest majority of our handicapped children are in the categories of speech impaired and seriously emotionally disturbed. We have been able to develop a supplemental program with the local colleges providing tutoring for children with special problems. This enables us to communicate to the parents on the progress of their child and assist the child and parents with their particular problems such as language development, psychological services, social services or play therapy.

The public schools are assisting us in recruiting children by giving us the school census and making referrals of children who are in drastic need for some type of child development program.

There are two major advantages that our Head Start program has while operating in Community Action Agency. First of all it provides the opportunity for the local communities and parents to plan and develop a quality cohesive program that works toward the same objectives. It is a coordinated effort on the part of the people in these communities to plan and share ideas that can help improve local life style. The second major reason lies within the organizational structure of the Community Action Program. The Head Start program is able to cut down program costs by utilizing services of other programs within the organization. Such as using the Rural Health Team for hearing and vision screening which cuts down on doctor fees. We also utilize the Outreach staff to provide social services in the rural areas. Several Head Start parents have been enrolled in Operation Mainstream program. Older brothers and sisters have been employed in the Neighborhood Youth Corps. (NYC). We also utilize the Family Planning Program to provide counseling to our parents when needed.

With these programs working together it is easier to provide a comprehensive wide range of supplemental services that benefit the needs of the entire Head Start family. Each program plays an essential part in preparing the low-income family to better handle their responsibilities toward the communities.

All of these services are necessary if the Head Start program is to be a success. You cannot work effectively on the preschool child without working with the entire family to develop their self esteem.

SEMCAC—COMMUNITY DEVELOPMENT CORPORATION

SEMCAC has formed and is operating a Community Development Corporation without any funding. SEMCAC staff assisted by the economic development specialists from the SEOO is providing services to local businesses. The Development Corporation is providing a referral service to state and regional agencies as well as any viable information needed to assist in community development. An auditing service is available to assist business to establish a simple, workable bookkeeping system.

The newly formed SEMCAC Development Corporation has accepted as one of its major goals, the development of master plan which will provide:

1. A desirable environment in which to work, live, and recreate for all of the areas residents and
2. Provide a working tool to insure that new growth is compatible to the area and its resources.

Excellent cooperation in this endeavor has been or will be provided by the following sources:

1. U.S. Department of Agriculture
2. Minnesota Department of Natural Resources
3. Minnesota Department of Manpower Services
4. Governor's Citizens' Council on Aging

5. Minnesota Department of Economic Development
6. Minnesota State Planning Agency
7. Governor's Office of Economic Opportunity
8. Minnesota Department of Education
9. Winona State College
10. St. Theresa's College
11. St. Mary's College
12. Minnesota Department of Vocational Rehabilitation
13. University of Minnesota
14. Minnesota Department of Agriculture
15. County Boards of Winona, Houston and Fillmore
16. Southeastern Minnesota Citizens' Action Council, Inc.

STATEMENT OF RICHARD PURCHT, DIRECTOR, NEIGHBORHOOD YOUTH CORPS IN SCHOOL PROGRAM AT TRI-COUNTY ACTION PROGRAMS, INC., ST. CLOUD, MINN.

My name is Richard Purcht. I am Director of the Neighborhood Youth Corps In School Program at Tri-County Action Programs, Inc., St. Cloud, Minnesota.

Tri-CAP is fairly typical of Community Action Programs in rural areas. We serve three counties having 134,000 population in 2,130 square miles. The poverty population is about 27,000.

Like all other CAP's, we sponsor a variety of programs and projects to provide, as foreseen in the OEO Act, "a range of services and activities having a measurable and potentially major impact on causes of poverty in the community". (Section 210(a).)

These programs are, first of all the federally funded projects:

- Farm Technical Assistance
- Community Organization
- Economic Development
- Neighborhood Youth Corps—In School
- Neighborhood Youth Corps—Out of School
- Neighborhood Youth Corps—Summer
- Mainstream
- Family Planning
- Headstart
- Homestart
- Day Care
- Foster Grandparents
- Hope Loans

We take particular pride in the non-funded projects:

- Hide-N-Seek, a leather shop training and employing low income youth
- Family Medical Clinic
- Volunteer Legal Aid
- Expanded Day Care
- Hope Loans (match by Campaign for Human Development)
- Home Loans

These non-funded projects were made possible by the teamwork of the many different people working in the funded projects—Everyone wears more than one hat.

As an example, the Hide-N-Seek leather shop is one of my projects. We had tried a similar crafts store previously in a donated storefront. This didn't work out because the store was sold, but we tried again. We found space at very low rate (\$60 per month). The employees were referred by the NYC Out of School program and Mainstream. Those project directors and counselors lent their assistance in training and supervising the workers. Tri-CAP's accountant trained one of the workers in basic bookkeeping. We bought materials and supplies on credit. The father of one of the kids solicited without compensation orders from the major St. Cloud retailers. Tri-CAP's lawyer assisted in the incorporation and tax problems. We got the Mastercharge sponsor to approve us for charge account customers. When one broker promised to buy everything we could give him, two of the kids stayed up all night making belts, purses, and watchbands. These kids should be able to manage it all alone by the end of the summer.

Moving back to the federally funded programs, I would like to discuss the impact that the DOL programs (NYC-In School, NYC-Out of School, Summer, Mainstream, and New Careers) have had in Minnesota since their inception some seven years ago. I feel that these programs have had the impact that they

have, because they have been operating under the CAP umbrella—as a result, these programs have been able to respond to poverty needs in a humane and personalized way.

NYC and Mainstream programs constantly put their faith in people who have been long-term failures in the work world. Because of their personal problems, lack of education or training, age, and other problems, the typical DOL enrollee is someone that the conventional labor market would consider a risk. Because NYC and Mainstream are willing to work with poor employment risks, it has been possible for many of these people to become useful and productive members of society—self-sufficient and proud of it. Because Mainstream and NYC have assumed the financial liability for their enrollees, they have been able to encourage the creation of training slots that simply would not have been possible otherwise. Attached to my testimony are many letters of support from supervisors of DOL enrollees, letters that enthusiastically support programs like NYC and Mainstream. It is important to remember that while these letters are enthusiastic, they are so because the experience of the writer was positive. Many of these writers were initially reluctant to hire low income people and were won over only after NYC and Mainstream assumed most of the risk.

One reason why programs such as Mainstream and NYC won people over is that they bring together a unique solution to two distinct needs: individual and community. NYC and Mainstream's first priority is to help low income people learn useful skills, as well as earn money for their basic needs. You have before you many letters from program enrollees testifying to the effectiveness of DOL programs in dealing with their unique problems. These letters show that participants feel the skills they have learned are useful. These letters are only a small portion of the successes NYC and Mainstream have had in helping people help themselves.

DOL programs work for another reason, however—because the communities have been able to benefit directly. Countless communities throughout Minnesota have received vital services that were too expensive to be picked up by the community. Countless communities have completed projects that would not have been except with the assistance from NYC and Mainstream projects. To use but one example, a small community in Central Minnesota, population 700, presently has three Mainstream enrollees working as teacher aides in the public schools. In addition, NYC workers have over the past six years—(1) landscaped two public schools as well as maintained the landscaping, (2) installed playground equipment at the elementary school, (3) constructed the playground at the elementary school, (4) renovated (under local guidance) the old part of the elementary school—installed new floors, walls, ceilings, (5) sodded football field and constructed bleachers at the football field, (6) installed a concrete curbing around the track. The services provided by NYC and Mainstream can be duplicated in 100 communities throughout Minnesota. The fact that so much could be done to improve communities has done much to make DOL programs a vital force in rural Minnesota.

Another direct benefit is that millions of dollars have been paid to enrollees in these programs; in turn, this money has gone from the enrollee to pay for goods and services within the community. Over the last five years, DOL funding for 16 of the 28 Minnesota CAP's totaled 13.5 million, of which an average of 85% went directly to the enrollees in the form of wages. It has been alleged that CAP's are inefficient in getting money directly to the poor. Because of the CAP structure, it has been possible for DOL programs to get most of the local money directly to low income people. The community action structure has proved its value as a means of administering manpower programs.

We cannot overemphasize the benefits of working under the CAP umbrella. Not only does it result in extra projects, but it helps each individual project. Referrals are informal and natural—we have no referral form—you can hear people yelling across the office "Do you have any openings in Day Care? I can put this girl to work if she can get her kid taken care of." We each have internal duties for the benefit of the entire agency: the Mainstream director handles

publicity and public relations; the Family Planning director is our liaison with the state legislature; the Pre-School director maintains contacts with all the educational agencies; the Community Organization director is our planner.

Everyone, even the cooks in the Headstart Centers, work on our big community organization projects.

The morale and mutual support resulting from such teamwork is immeasurable.

These benefits would be lost for sure if the CAP's are broken up and the programs scattered.

We are also proud of the tremendous economies achieved in Community Action Programs. CAP's are especially talented at scrounging: almost all of us are housed in donated office space. We put organizers and outreach workers far out into the county in surplus government cars, some with over 150,000 miles on them—we get the Vocational schools to fix them. At Tri-CAP our accountant scrounges furniture, tools, materials, and automobile parts with a skill that he obviously learned as a low income person himself.

The economies of scale benefit the individual programs also: no one program could afford the necessary office equipment; no one program could hire the general service personnel: accountant, office managers, receptionists and secretaries.

We are not as proud of the low wages we pay, though. The average Tri-CAP employee earns \$5,709.27 a year. (The average worker in private industry earns \$7,924.00, in government \$11,503.) Since the majority of our employees are low income people, almost any amount of wages is better than their former situation, but it is hardly adequate for raising families.

Most of the CAP's in Minnesota have not had any raises in their mainline programs in years—many have had to take one cut after another. Because of other rising costs, the personnel category has borne most of the cost: raises and promotions are extremely rare. A lot of CAP's have had to lay off people.

We admit to being controversial and sometimes unpopular, but that is because our mission sometimes requires that. We upset the administration of one town when their full time library employees demanded a raise from 90 cents an hour after they found out their NYC kids were getting \$1.30 an hour.

We have alienated county welfare departments because our outreach workers told poor people they were entitled to food stamps—they didn't think it right to "advertise" welfare benefits.

We provoked a hurricane when we opened a Family Planning Center in a conservative area, but our patient load is doubling every 3 months.

Because we are committed to meeting poor people's needs, we are not on the best of terms with many local officials. Not many county commissioners are willing to fund a sponsor of a welfare rights group; not many small town mayors want to take on "controversial" projects—he has to take enough grief over streets and drainage, for which he doesn't get paid.

Moreover, local governments are taking cuts in their own programs—just to provide police and fire protection will require all available resources.

We will not give up our commitment to force changes in the institutional causes of poverty: we must make government responsive to low income people; we must make landlords stop gouging tenants; we must make the health industry provide service to low income people at affordable prices; we must eliminate artificial barriers to employment.

These are *national* problems requiring federal financial assistance. The worst poverty is in tax poor localities.

We haven't talked at all about individual people; you have letters from the people telling you in their own words what CAP means to them: kids who stopped selling dope when they got a job, people who got to college, people who are managing to earn a living off their farms, people who feel good about being asked to participate and lend their talents.

The successes CAP's have had are due invariably to the toughness and dedication of low income people. They have organized themselves, they have put themselves on the line, they hold themselves accountable for achieving results.

DEPARTMENT OF LABOR PROGRAM DATA—SELECTED CAP AGENCIES (15 OF 28)

Agency	Current enrollees ¹	DOL funds to Minnesota CAPS, ² 1968-73	Percent of CAP DOL funds paid direct to enrollees
Arrowhead.....	310	\$3, 263, 870	87
Clay-Wilkins.....	52	317, 435	88
Intercounty.....	146	3, 140, 220	90
Lakes and Pines.....	69	1, 140, 220	90
Goodhue-Rice-Wabasha.....	56	-----	85
Little Crow.....	303	1, 396, 774	87
M.R. & S.....	56	383, 356	-----
Northwest.....	23	304, 051	90
Otter Tail-Wadena.....	47	-----	80
Southeastern.....	93	703, 094	-----
Tri-CAP.....	222	1, 530, 399	81
Tri-Valley.....	50	483, 905	83
Western Community.....	222	318, 750	90
Western Tri-County.....	65	368, 750	83
Scott-Carver.....	130	235, 828	80
Total.....	³ 1, 882	13, 484, 992	⁴ 85

¹ Enrollees for NYC—In School, NYC—Out of School, Operation Mainstream.

² Figures include funding for summer NYC projects.

³ Does not include figures for NYC summer projects. Last year (summer of 1972) NYC summer funded 11,000 slots in Minnesota.

⁴ Average.

Mr. CONYERS. Mr. Chairman.

Mr. HAWKINS. Mr. Conyers.

Mr. CONYERS. On behalf of all of the citizens in the First Congressional District, including Highland Park, thank you from the bottom of our hearts for bringing this subcommittee and these hearings to Detroit, and for beginning our hearings on the prevention of the dismantlement of OEO here in Detroit.

We are all deeply indebted to you and the Congressman from Missouri for what you have done. [Applause.]

Mr. HAWKINS. I would be remiss if I did not thank you and Congressman Diggs because it was your efforts that brought us here, and we are pleased to have been treated so courteously. Certainly we feel that the hearing in Detroit has been a great success due in large part to your efforts.

The hearing is adjourned.

[Whereupon, at 3:50 p.m., the subcommittee adjourned.]

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